TOWN OF LITTLE ELM, TEXAS

Annual Comprehensive Financial Report

2023

Fiscal Year Ended
September 30, 2023

LITTLE ELM

LITTLE ELM

Our Values

are who we are

INTEGRITY

We are honest, loyal, trustworthy, transparent, fair and open minded, and have a culture of accountability. We keep our word and admit our mistakes. We stand up for what is right even in the face of a challenge, and do what is right, even if no one notices.

CUSTOMER SERVICE

We are respectful, positive, attentive, approachable, responsive, and empathetic. We focus on being able to assist internal and external customers, not simply accommodate them. Whether the answer involves going the extra mile or sometimes even delivering bad news, we are courteous, patient, humble and professional.

SERVANT LEADERSHIP

Putting the needs of others before one's self

EFFICIENCY

We recognize that we are entrusted with resources ultimately owned by the community, and as stewards of those, are committed to use the minimum resources required to realize the maximum result. We will find the shortest path on a route or in a process, and operate without waste, with proper use of taxpayer dollars, and without compromising quality.

INNOVATION

We have a willingness to grow, to explore new ideas and to challenge the status quo. We are open to change though we do not seek change unnecessarily. We allow the freedom to try new things, and recognize that through creativity and reasonable risk, we will build a stronger, healthier Town together. We are an organization dedicated to learning and continuous improvement.

Town of Little Elm, Texas

Annual Comprehensive

Financial Report

LITTLE ELM

Fiscal Year Ended

September 30, 2023

PREPARED BY:

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Introductory Section

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LITTLE ELM

Town of Little Elm

March 12, 2024

To the Honorable Mayor, Members of Town Council, and
Citizens of Little Elm, Texas:

The Town's management staff is pleased to submit the Annual Comprehensive Financial Report of the Town of Little Elm ("Town") for the fiscal year ending September 30, 2023. Provided herein is a complete set of financial statements in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants.

The purpose of this report is to provide council, management, staff, the public and other interested parties with detailed information regarding the Town's financial condition. State Law requires that every general purpose local government publish, within six months of the close of fiscal year, a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended September 30, 2023.

This report consists of management's representations concerning the finances of the Town. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the Town. All disclosures necessary to enable the reader to gain an understanding of the Town's financial activities have been included.

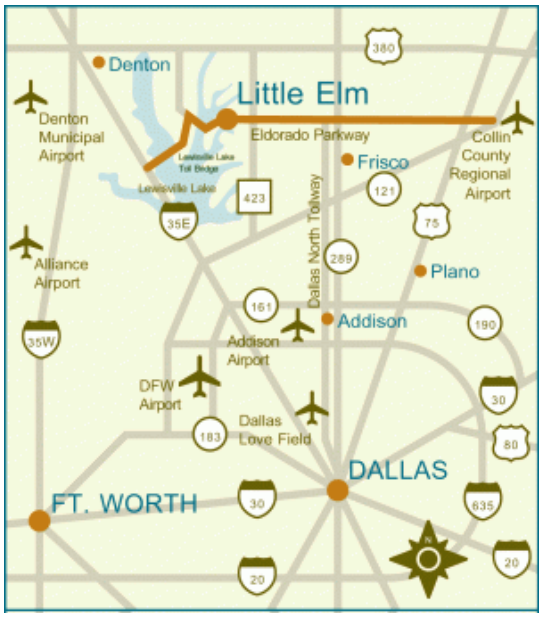
The Town is required to obtain an annual audit of the financial records and financial activities of the Town. FORVIS, LLP, a firm of licensed certified public accountants, have audited the Town's financial statements. The goal of the independent audit is to provide reasonable assurance that the financial statements of the Town for the fiscal year ended September 30, 2023, are free of any material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was reasonable basis for rendering unqualified ("clean") opinions that he Town's financial statements for the fiscal year ended September 30, 2023, and are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and the two should be read in conjunction with each other.

Town Profile

The Town of Little Elm was officially incorporated in 1966 encompassing 1,222 acres and in 2001 adopted the council-manager form of government and its Home Rule Charter. The Town operates as a Council-Manager form of government with the Town Council comprised of a mayor and six council members. The term of offices are elected on staggered, three-year terms on a non-partisan basis. The Mayor, Place 1, and Place 6 are elected at-large, whereas Place 2, 3, 4, and 5 are elected by district.

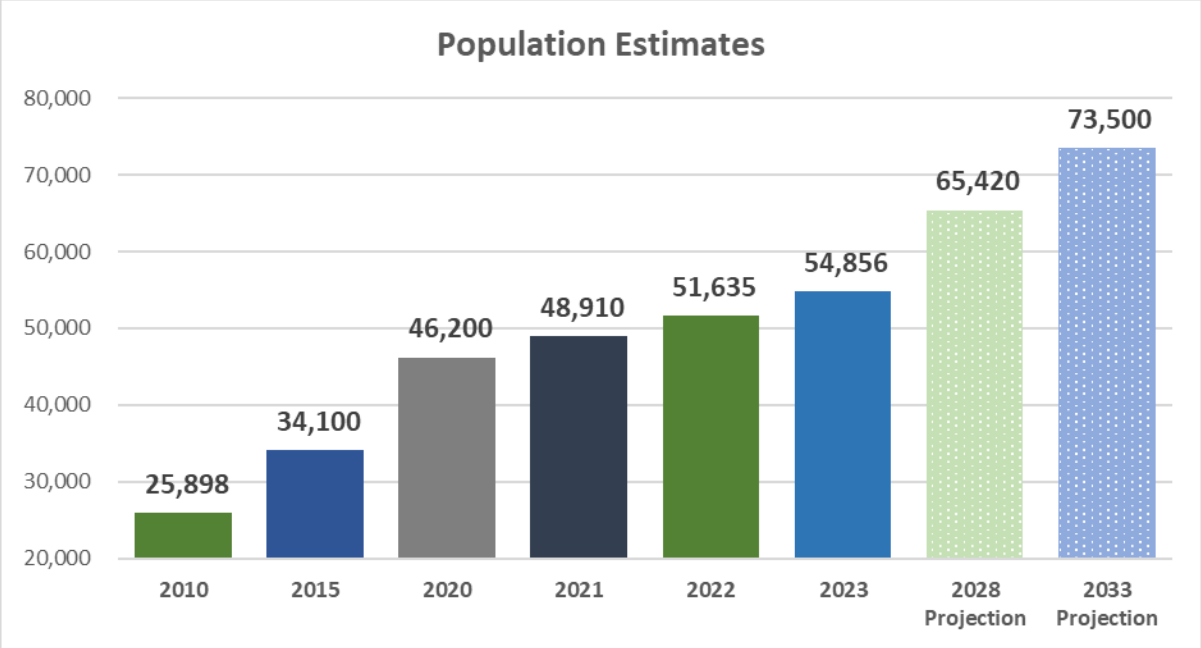
Under the provisions of the Town Charter, and subject only to the limitations imposed by the Texas Constitution, State Law, and the Town Charter, the Town Council enacts legislation, adopts the annual operating budget, and sets policy. The Town Manager, under the oversight of Town Council, serves as chief administrative officer by executing the laws and administering the government of the Town, as directed by the Town Council policies.
Little Elm is located in North Central Texas, and covers approximately 22 square miles of the Dallas/Fort Worth Metroplex ("DFW"). Little Elm is situated in Denton County and located at the crossroads of US Highway 380, FM 423, and FM 720. The Town is primarily a bedroom community. The Town is all wet, in the sense that over 66 miles of the Town's corporate town limits are shoreline on Lewisville Lake meaning that almost anywhere you travel in town, neighborhoods have a view of the lake, for which the Town is drawing more attention and bringing attractions within the DFW region.



An inventory of the different school districts within Little Elm's corporate limits and ETJ are useful in attracting homebuyers. Little Elm has three school districts providing services to the community. The Little Elm Independent School District ("ISD") serves the majority of the community. The Denton ISD covers the northern section of the community and serves development along Highway 380. The Frisco ISD serves the eastern section of Little Elm.

The mission of the Town of Little Elm is to build our unique lake opportunities and hometown charm, encourage diverse housing options and business opportunities, and provide an unmatched quality of life. The vision of the Town of Little Elm is a distinct and desirable lakeside destination for all people to live and play while enjoying a safe, vibrant, and welcoming community.

The 2010 Census population for the Town was 25,898, and the 2023 estimate is 54,856.



Source: Population estimates to date are from North Central Texas Council of Governments. Future estimates are from Town of Little Elm staff.

Services Provided

The Town provides a full range of public services. These services include police, fire protection, emergency medical services, construction and maintenance of streets and other infrastructure; recreation services, library services; parks maintenance and public utilities. The Town's utilities include water and wastewater, drainage and sanitation services. The Town operates its own wastewater treatment facility.

Community Waste Disposal ("CWD") provides solid waste collection; and, the North Texas Municipal Water District ("NTMWD") provides water for the Town on a "take-or-pay" basis. The Town's drainage utility operates to mitigate drainage and environmental hazards and is self-supporting with fees billed monthly to all residential and commercial customers. The Town provides on a contractual basis to areas in its extra-territorial jurisdictions ("ETJ") public safety and construction inspections.

Financial System and Budgetary Controls

Town management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Town are protected from loss, theft, or misuse. Management must also ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with GAAP. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgments by management. All internal control evaluations occur within the above framework.

The Town's accounting records for general governmental operations are maintained on a modified accrual basis, with revenues recognized when measurable and available, and expenditures recorded when the services or goods are received and the liabilities are incurred. Accounting records for the Town's utilities and other proprietary activities are maintained on a full accrual basis.

Town Council is required to adopt an annual operating budget no later than the beginning of the fiscal year. The process begins with the staff of each department submitting their annual budget requests during budget workshop. It is during this collaborative workshop setting including the Town Manager, Department Directors, and involved staff, each fund's proposed budget is balanced to comprise the Town Manager's Proposed Budget to Town Council. The proposed budget receives additional scrutiny by Town Council by holding subsequent workshop sessions. Prior to official adoption of the budget and tax rate by Town Council, any required notices, publications, and public hearings on the proposed tax rate and budget are held to allow for public input.

The objective of budgetary controls is to ensure compliance with legal provision contained in the annual budget approved by the Town Council. The budget is developed on a departmental level and adopted at the fund level. The level of control at which expenditures may not exceed budget without Town Council approval is at the fund level. The Town Manager has authority to approve individual departmental budget overages. This budgetary level serves as the foundation for the Town's financial planning and control. The Town Council approves any amendment or additional funding requests for appropriations when the budget is exceeded at the fund level or for any that were unforeseen during the regular budget process. These amendments shall be by ordinance, and shall become an attachment to the original budget.

The accompanying Annual Comprehensive Financial Report incorporates all funds of the Town and includes all government activities, organizations and functions for which the Town is financially accountable including its component units. The Town's component units are legally separate entities for which the Town is financially accountable but are not part of the Town's operations.

The Town's discretely presented component units are:

- Little Elm Economic Development Type 4A Sales Tax Corporation (EDC)
- Little Elm Community Development Type 4B Sales Tax Corporation (CDC)

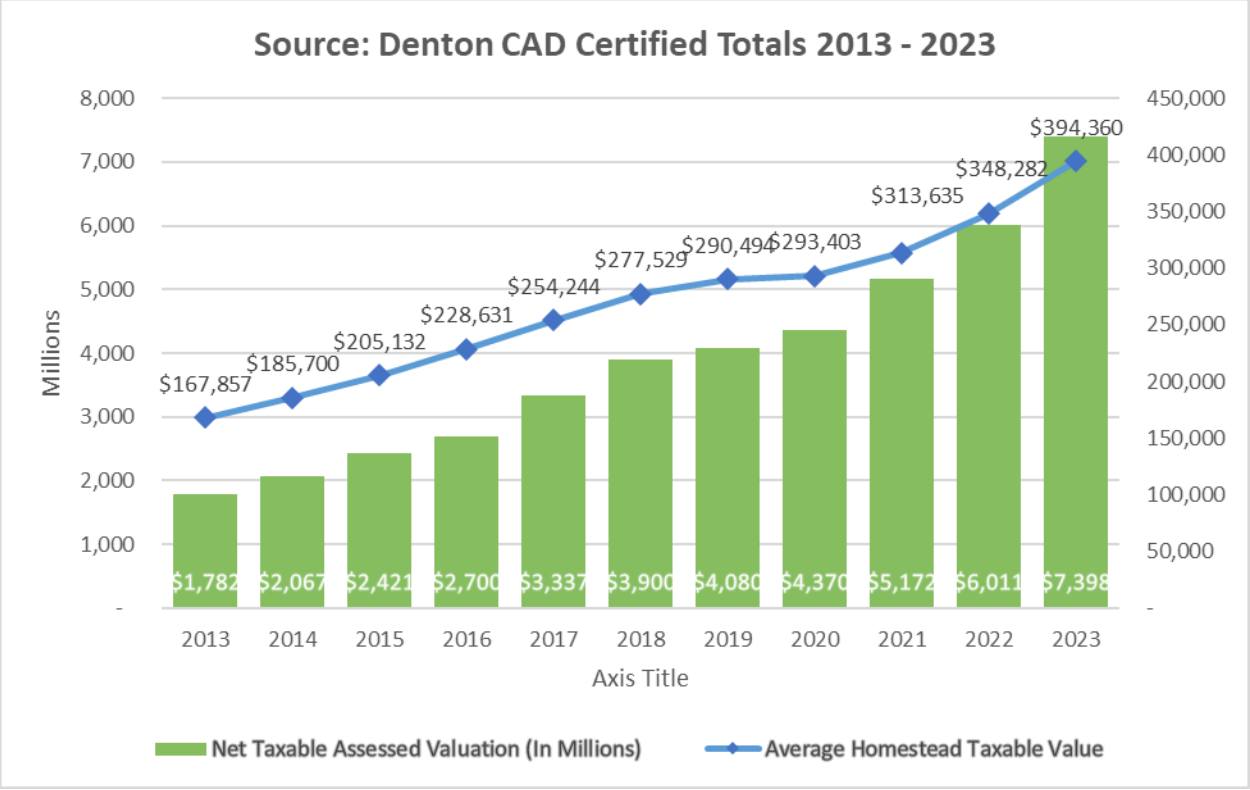
Relevant Financial Policies

The Town has established reserve policies for its' operating funds. The Town will maintain an unassigned fund balance in its General Fund equal to three months or 25% of the regular General Fund operating expenditures. Additionally, The Town will maintain a reserve of cash and investments in the Water Wastewater Fund equal to four months (120 days) of the total operating revenue. The reserve will be calculated based on total operating revenues from the last audited financial statements of the Water Wastewater Fund.

The Town has established a comprehensive financial policy with subsections dedicated to investments, purchasing, budgeting, asset management, P-Cards, and debt. In 2019, a debt post issuance policy was added. The debt post issuance policy outlines the Town's responsibility to comply with bond covenants including applicable code provisions or regulations. This policy also designates who is responsible for such actions. Another initiative taken on this year was to formally audit the Town's p-card program. The audit program will provide risk aversions and implement a new Purchasing P-Card policy.

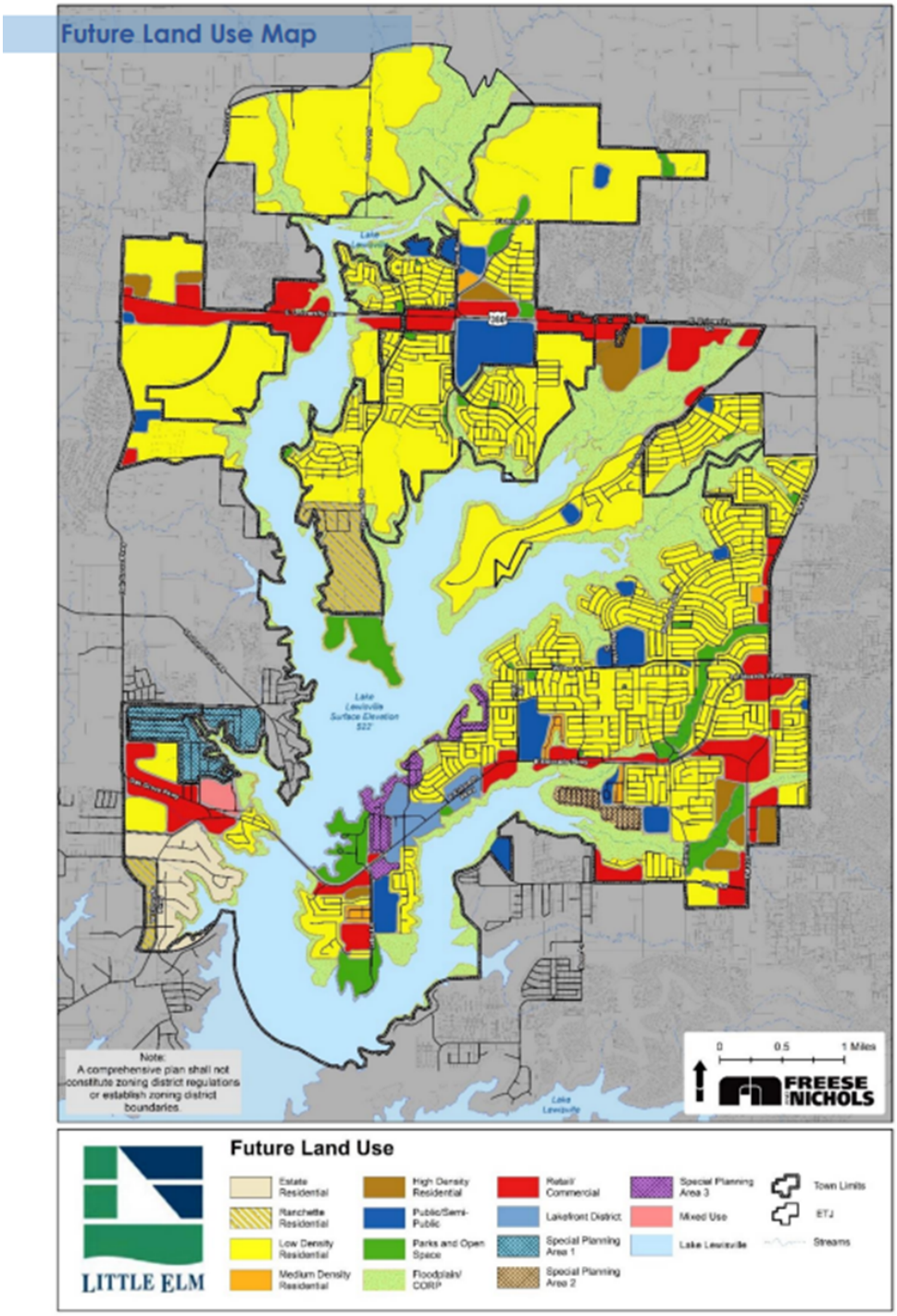
Economic Conditions and Outlook

The Town continues to manage and plan for the continued growth as a result of the strong economy in the Dallas-Fort Worth area. New development is guided by design guidelines, a 2017 Comprehensive Plan, a Strategic Plan, and a Capital Improvements Plan. Unlike the cities of Dallas, Plano, and Frisco located to the south, the Town of Little Elm is characterized as a lake front community that is made up by a variety of single-family neighborhoods and master planned developments. While residential growth remains strong with 1,016 single family permits issued in 2023, the Town is a full-service town of 54,000+ residents. The Town offers a variety of commercial retail and shopping opportunities as well as a regional destination area, the Lakefront District. In 2023, we welcomed 86 new businesses to Little Elm. New commercial construction was valued at $77.4M. The Town also has 2,610,837 square feet of retail space. Of that, there is currently 157,429 square feet available for lease, meaning that Little Elm's current lease rate is 93.97%. In addition, there is 345,792 shovel ready square feet already committed to future development projects.



The Little Elm Economic Development Corporation continues its work in attracting high quality businesses to Little Elm in order to increase both the tax base and local employment. The Town continues to benefit from other favorable conditions associated with a desirable location for work, destination, and living.

The economy influences the timing of population increases and the types of development that occur will affect the build-out of the Town. The Town Council adopted a new Comprehensive Plan in 2017 and is currently being updated to reflect our future vision with two key corridor studies. Policy makers and Town staff use this document as a guide while reviewing development projects, the Town budget, prioritizing capital improvement projects, and updating our development ordinances to direct growth that leads to the established vision. The Future Land Use Plan, which is in the works of being updated (below) graphically sets an overall framework for the preferred pattern of development within Little Elm.



Long-Term Financial Planning Process

- **Comprehensive Strategic Plan Update:** Council was updated on the Town's Comprehensive Strategic Plan for 2023. This helped outline the objectives Town Council established to provide a community that is safe, diversified in housing opportunities, and inclusive. For more information about the Town's Strategic Plan that sets the vision for the Town and charts its course for the community, please visit: https://www.littleelm.org/1429/Plan-Progress.
- **Operations and Maintenance**: Each year the Town prepares a balanced budget, with the involvement of the Town Council, Town Manager, Executive Management Team, finance staff and other employees. Discussions regarding the future of the Town's financial health are a high priority during budget preparation. Fiscal year 2023 was the tenth year for the Town to utilize a multi-year budgeting format. The multi-year budget process takes historical trends, changes in policy and economic conditions (now and projected) into consideration as applicable. The total number of budgeted full-time equivalents (FTE's) is 371.25 for the 2023-2024 budget.
- **Capital Improvement Program**: A major component of the budgeting process every year is the Capital Improvement Program (CIP). Extensive planning takes place throughout the year involving input from the Town Council, Town Boards (Parks Board, Planning and Zoning Board) and the Executive Management Team. The focus of this planning is ongoing funding of current CIP projects, and how the Town will fund currently unfunded CIP projects in the future. During this process, attention is given to the impact the projects will have on the future operations and maintenance costs along with debt service levels based on policies established.

Anticipated Long-Term Financial Impacts

Due to the Town's economic growth, Town Council created seven Public Improvement Districts ("PID") and participates in four Tax Increment Reinvestment Zones ("TIRZ") (#3, #4, #5, and #6). These Special Districts are separate, special-purpose governmental units that exist separately from local governments. They are formed to perform a single function or a set of functions. Note 14 to the Financial Statements specifically addresses the creation for each zone and district.

In order to provide a safe and welcoming environment to live and visit, the Town has invested in a fourth fire station and public safety annex facility. This single-story, 15,500 square-foot building will provide a connection to the north-west corridor of our community for public safety. The Town continually invests from the quarter cent sales tax maintenance of the Town's streets, sidewalks, curbs, and gutters. In 2023, $1.8 million was expended from the annual street maintenance program. The Town has entered into several interlocal agreements to improve the access to roads shared between communities. In 2023, the Town celebrated a grand opening of The Lawn at The Lakefront™. The addition of this park sparks a new era of community focused events in Little Elm. The Town entered into a long-term lease with Little Elm Independent School District to use the lane at Lakeside Middle School. The Town just completed a major overhaul of softball fields to include a three-field youth softball complex with synthetic turf fields. This project also includes six outdoor pickle ball courts, two tennis courts, and a basketball court. The Town established a facility maintenance and replacement fund to ensure the Town's assets are being maintained over the long-term.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town for its Annual Comprehensive Financial Report for the fiscal year ended September 30, 2022. This was the thirteenth year that the Town has received this prestigious award. In order to be awarded a Certificate of Achievement, a municipality must publish an easily readable and efficiently organized Annual Comprehensive Financial Report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

The Town has also received the Popular Annual Financial Report (PAFR) award that was received for the fourth consecutive time from GFOA. This report is designed to provide a user friendly and easily understood report to the public and other interested parties that lack a background in public finance. It is the Town's desire to achieve this award every year.

Acknowledgements

The preparation of this report would not have been possible without the skill, effort, and dedication of the entire staff of the Finance Department. We wish to thank all government departments for their assistance in providing the data necessary to prepare this report. We would also like to thank the Mayor and Town Council for their unfailing support for maintaining the highest standards of professionalism in the management of the Town of Little Elm's finances.

Respectfully submitted,

Matt Mueller
Town Manager

Kelly Wilson, CPM, CGFO
Chief Financial Officer

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Little Elm
Texas

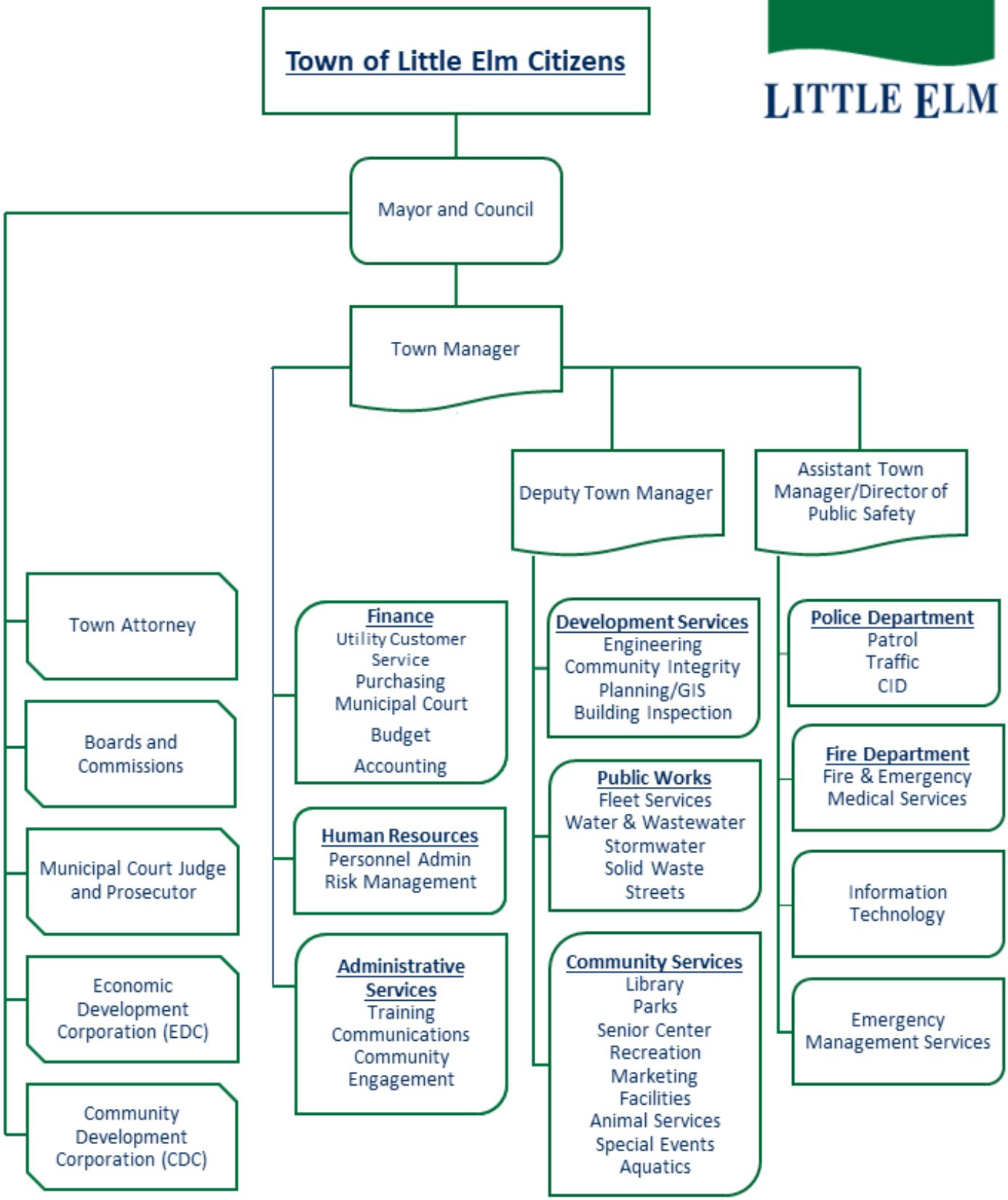
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2022

Christopher P. Morrill

Executive Director/CEO

TOWN OF LITTLE ELM, TEXAS



Town of Little Elm, Texas

Town Officials

Council Members

Curtis J. Cornelious	Mayor
Jamell T. Johnson	Mayor Pro Tem & At Large, Place 1
Tony Singh	District 2
Neil Blais	District 3
Lisa G. Norman	District 4
Andrew Evans	District 5
Michel Hambrick	At Large Place 6

Executive Staff

Matt Mueller	Town Manager
Doug Peach	Deputy Town Manager
Joe Florentino	Assistant Town Manager/Director of Public Safety
Caitlan Biggs	Town Secretary/Director of Administrative Services
Chad Hyde	Director of Community Services
Fred Gibbs	Director of Development Services
Jennette Espinosa	Executive Director of the Little Elm Economic Development Corporation
Kelly Wilson	Chief Financial Officer
Paul Rust	Fire Chief
Shea Rogers	Chief Information Officer
Deidre Hale	Director of Human Resources
Rodney Harrison	Police Chief
Jason Shroyer	Director of Public Works

Town of Little Elm

MAYOR AND TOWN COUNCIL

Neil Blais
District 3

Mayor Curtis J. Cornelious

Tony Singh
District 2

Lisa Norman
District 4

LITTLE ELM

Andrew Evans
District 5

Jamell Johnson
Mayor Pro Tem
At Large, Place 1

Michel Hambrick
At Large, Place 6

2022-2023 Annual Comprehensive Financial Report

Financial Section

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FORVIS

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forvis.com

Independent Auditor's Report

Honorable Mayor and Town Council
Town of Little Elm, Texas
Little Elm, Texas

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Little Elm, Texas (Town), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town as of September 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the Town, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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PRAXITY
A member of the Praxity Global Alliance

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparisons, pension, and other postemployment benefit information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

FORVIS, LLP

Dallas, Texas
March 12, 2024

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As management of the Town of Little Elm, we offer the reader of the Town's financial statements this narrative and analysis of the financial activities of the Town of Little Elm for the fiscal year ended September 30, 2023. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report and the financial reports that follow in this section.

Financial Highlights

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $432,946,105 (net position). Of this amount $84,779,818 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The Town's total net position increased by $62,665,638 during the fiscal year.
- The Town's total amount of debt and long-term liabilities is $124,058,217, which is a net decrease of $1,576,158 when compared to the prior year.
- As of the close of the current fiscal year, the Town of Little Elm's governmental funds reported a combined ending fund balance of $103,573,527, a decrease of $(7,556,500) in comparison with the prior year as a result of capital improvement projects. Within this total, $54,941,261 (53%) is restricted by specific legal requirements, $48,499,725 (47%) is unassigned fund balance, and $132,541 (0.1%) is nonspendable.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of Little Elm's basic financial statements. The Town of Little Elm's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broader overview of the Town's finances, in a manner similar to a private-sector business. Two statements, the Statement of Net Position and the Statement of Activities, are utilized to provide this financial overview.

The Statement of Net Position presents information on all of the Town's assets and liabilities, and deferred inflows/outflows of resources with the differences reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether or not the financial position of the Town is improving or deteriorating. The statement of net position combines and consolidates governmental and business-type current financial resources with capital assets and long-term obligations. In order to assess the overall health or financial condition of the Town, other non-financial factors should also be taken into consideration. These include changes in the Town's property tax base and the condition of the Town's infrastructure (i.e., streets, drainage improvements, storm and sewer lines, etc.).

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flow. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both government-wide statements distinguish between governmental activities and business- type activities. Governmental activities basically account for those activities supported by taxes and intergovernmental revenues. On the other hand, business-type activities are basically supported by user fees and charges. Most Town services are reported in governmental activities while business-type activities are reported in the Enterprise Fund. The governmental activities of the Town include general government, community services, public safety, public works, and culture and recreation. The business-type activities of the Town include water and sewer services and solid waste services.

The government-wide financial statements include not only the Town of Little Elm itself (known as the primary government), but also two discretely presented component units. The Town's sales tax corporations are the Little Elm Economic Development Corporation 4A (LEEDC) and Little Elm Community Development Corporation 4B (LECDC). Although legally separate, these component units operate under the criteria of board appointment and removal by the Town Council. Approval and oversight of capital projects as well as budget appropriations and approval is under the authorization of the Town Council.

Fund Financial Statements

The Town, like other state and local governments, utilizes fund accounting to ensure and demonstrate compliance with finance-related legal requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as government activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town of Little Elm maintains several individual governmental funds organized according to their type (special revenue, debt service, and capital projects). Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the debt service fund, the capital projects fund, the PID capital projects fund, and the landscape fund, all of which are considered to be major funds. All capital project funds are combined for a single, aggregated presentation. Data from the other non-major funds are also combined and reported in a single column. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements elsewhere in this report.

Proprietary Funds

The Town maintains two types of proprietary funds: enterprise funds and an internal service fund. Enterprise funds are used to report the same function as business-type activities in the government-wide financial statements. The Town uses enterprise funds to account for its water/sewer and solid waste operations. The internal service funds are an accounting device used to accumulate and allocate costs internally among the Town's various functions. The Town of Little Elm uses its internal service fund to account for vehicle and equipment replacements.

Proprietary funds financial statements provide the same type of information as the government- wide financial statements, only in more detail.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town of Little Elm's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The Town has one fiduciary fund that reflects PID activity.

Notes to the Financial Statements

The notes provide additional information that is essential to gain a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Required supplementary information can be found after the notes to the financial statements.

Government-Wide Financial Analysis

At the end of fiscal year 2023, the Town's net position (assets and deferred outflows of resources exceeding liabilities and deferred inflows of resources) totaled $432,946,105. This analysis focuses on the net position (Table 1) and changes in net position (Table 2).

Net Position

The largest portion of the Town's net position, $312,972,145 or 72% reflects its investment in capital, lease and subscription assets (e.g., land, buildings, machinery, equipment and infrastructure); less any related debt used to acquire those assets that is still outstanding. The Town uses these assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the Town reports its capital, lease and subscription assets net of related debt, the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate the liabilities.

An additional portion of the Town's net position, $35,194,142 or 8%, represents resources that are subject to external restrictions on how they may be used. The unrestricted portion of net position which is $84,779,818 or 20% may be used to meet the government's ongoing obligations to citizens and creditors.

Table 1
Condensed Schedule of Net Position

	Governmental Activities		Business-Type Activites		Total Primary Government	
	2023	2022 *	2023	2022 *	2023	2022 *
Current and other assets	$ 125,984,422	$ 136,275,588	$ 48,745,420	$ 45,921,558	$ 174,729,842	$ 182,197,146
Capital assets	292,172,423	245,081,765	100,732,627	90,917,611	392,905,050	335,999,376
Total assets	418,156,845	381,357,353	149,478,047	136,839,169	567,634,892	518,196,522
Deferred outflows of resources	6,677,541	3,254,699	1,054,407	812,026	7,731,948	4,066,725
Total assets and deferred outflows of resources	$ 424,834,386	$ 384,612,052	$ 150,532,454	$ 137,651,195	$ 575,366,840	$ 522,263,247
Current liabilities	$ 18,199,627	$ 15,533,518	$ 6,701,910	$ 3,112,456	$ 24,901,537	$ 18,645,974
Noncurrent liabilities	76,094,906	83,195,750	36,758,930	42,438,625	112,853,836	125,634,375
Total liabilities	94,294,533	98,729,268	43,460,840	45,551,081	137,755,373	144,280,349
Deferred inflows of resources	4,643,325	7,442,370	22,037	260,061	4,665,362	7,702,431
Net position						
Net investment in capital assets	244,186,130	193,734,603	68,786,015	58,985,491	312,972,145	252,720,094
Restricted	29,637,274	45,593,051	5,556,868	5,547,764	35,194,142	51,140,815
Unrestricted	52,073,124	39,112,760	32,706,694	27,306,798	84,779,818	66,419,558
Total net position	325,896,528	278,440,414	107,049,577	91,840,053	432,946,105	370,280,467
Total liabilities, deferred inflows of resources and net position	$ 424,834,386	$ 384,612,052	$ 150,532,454	$ 137,651,195	$ 575,366,840	$ 522,263,247

*Balances have not been restated for the adoption of GASB 96

Changes in Net Position

The net position of the Town increased by $60,817,848 from the prior year. See narrative below for explanation of increase.

Governmental Activities

Governmental activities increased the Town's net position by $45,608,324 from the prior year. The net position increase is a result of increased property values and growth within the community. The Town received significant capital contributions from the developers of the various PIDS within the Town. The Town benefited from market conditions as it relates to investments. Expenses for public safety increased due to added staff positions and public works increased due to a four-year pavement program that began in FY 2023. Transfers decreased as a result of a decrease in the transfer to business-type activities for PID assets that are in nature classified as BTA assets. This was due to a decrease in PID related water and sewer infrastructure during FY 2023.

Business-type Activities

Net position from business-type activities increased $15,209,524 from the prior year. The annual report reflects an increase in charges for services due to a two percent increase in water rates. FY 2023 also brought about an extremely unusually hot summer, which in turn are reflected in billing for water usage as well as the purchase of water. The Town also received significant developer contributed capital assets in FY 2023. The Town benefited from market conditions as it relates to investments. Expenses remained relatively consistent with prior year, offset by a decrease in transfers as a result of a decrease in PID related water and sewer infrastructure during FY 2023.

Government-Wide Financial Analysis

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues						
Program revenues						
Charges for services	$ 15,308,240	$ 14,155,602	$ 26,400,524	$ 24,923,543	$ 41,708,764	$ 39,079,145
Operating grants and contributions	13,750,476	7,048,990	-	-	13,750,476	7,048,990
Capital grants and contributions	34,477,287	16,933,233	3,984,868	1,296,399	38,462,155	18,229,632
General revenues						
Property taxes	38,361,923	31,503,691	-	-	38,361,923	31,503,691
Sales taxes	9,181,331	8,820,224	-	-	9,181,331	8,820,224
Franchise taxes	2,993,276	2,648,377	251,024	215,412	3,244,300	2,863,789
Grants not restricted to specific programs	1,869,781	-	-	-	1,869,781	-
Investment income	5,901,906	530,582	2,145,139	120,484	8,047,045	651,066
Other	353,848	164,286	-	-	353,848	164,286
Gain on sale of capital assets	278,957	1,268,703	15,412	11,360	294,369	1,280,063
Total revenues	122,477,025	83,073,688	32,796,967	26,567,198	155,273,992	109,640,886
Expenses						
General government	10,892,954	11,340,090	-	-	10,892,954	11,340,090
Community services	4,472,775	3,863,583	-	-	4,472,775	3,863,583
Public safety	35,635,979	25,905,436	-	-	35,635,979	25,905,436
Public works	10,587,808	7,542,098	-	-	10,587,808	7,542,098
Culture and recreation	10,794,712	8,000,800	-	-	10,794,712	8,000,800
Interest expense	1,792,689	2,258,043	-	-	1,792,689	2,258,043
Water and sewer services	-	-	17,277,567	15,915,334	17,277,567	15,915,334
Solid waste services	-	-	3,001,660	2,751,070	3,001,660	2,751,070
Total expenses	74,176,917	58,910,050	20,279,227	18,666,404	94,456,144	77,576,454
Change in net position before transfers	48,300,108	24,163,638	12,517,740	7,900,794	60,817,848	32,064,432
Transfers	(2,691,784)	(8,802,076)	2,691,784	8,802,076	-	-
Change in Net Position	45,608,324	15,361,562	15,209,524	16,702,870	60,817,848	32,064,432
Net Position, Beginning	278,440,414	263,078,852	91,840,053	75,137,183	370,280,467	338,216,035
Net Position, Ending	$ 324,048,738	$ 278,440,414	$ 107,049,577	$ 91,840,053	$ 431,098,315	$ 370,280,467

Governmental Funds

The focus of the Town's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town's governmental funds reported combined fund balances of $103,573,527.

Table 3
Governmental Funds
Condensed Balance Sheet

	General Fund	Debt Service	Capital Projects	PID Capital Projects	Landscape Fund	Nonmajor Governmental Funds	Total
Assets	$ 52,541,514	$ 2,158,324	$ 44,625,770	$ 10,040,501	$ 4,182,302	$ 5,737,806	$ 119,286,217
Liabilities	$ 2,714,778	$ 4,182	$ 4,730,410	$ 1,281,270	$ 73,370	$ 1,665,618	$ 10,469,628
Deferred inflows of resources	1,181,612	67,410	257,765	-	3,736,275	-	5,243,062
Fund balances	48,645,124	2,086,732	39,637,595	8,759,231	372,657	4,072,188	103,573,527
Total liabilities, deferred inflows of resources and fund balances	$ 52,541,514	$ 2,158,324	$ 44,625,770	$ 10,040,501	$ 4,182,302	$ 5,737,806	$ 119,286,217

The General Fund is the main operating fund of the Town. At the end of the current fiscal year, unassigned fund balance was $48,512,833. The unassigned fund balance of the General Fund increased by $7,355,560 primarily due to an to increase in property, sales, and franchise taxes collected due to Town growth. The Town recognized an increase in intergovernmental revenues in relation to incurring eligible expenditures of ARPA funds. The Town benefited from market conditions as it relates to investments. The Town has a strong unassigned fund balance that is planned to be drawn down over the five-year financial plan. This fund balance drawdown is reflected in the Town's annual budget and 4 year financial plan.

The Debt Service Fund had an increase of $882,833 in fund balance. This increase can be attributed to increased property tax revenue due to Town growth. The increase in property tax revenues was offset by a decrease in intergovernmental revenues as a result of TIRZ#3 and LECDC not funding their own debt service obligation this year. The Capital Projects Fund decreased by $(3,769,504) primarily due to the net effect of capital outlay expenditures on various projects, offset by increased contributions, transfers and interest earnings. The PID Capital Projects Fund decreased by $(11,430,647) due to the expansion of PID projects within the Town. The Landscape Fund increased by 8,067. Other governmental funds' combined fund balances decreased by $(522,046) with almost the entire ending fund balance, $4,072,188, restricted for specific purposes.

Proprietary Funds

The Town's proprietary funds provide the same type of information found in the government-wide statements, but in more detail.

Unrestricted net position of the Enterprise Funds at the end of the year was $32,706,694. This represents an increase of $5,399,896 from prior year. This year's operating revenue was $26,400,524. The increase of $1,557,149 from last year's operating revenue can be attributed to a two percent water rate increase. In addition to rate increase this last summer was an extremely hot summer that presented more water purchases in sales and in cost. Interest revenues increased as the Town benefited from market conditions as it relates to investments.

General Fund Budgetary Highlights

The Town implements a 5 year financial plan that allows the Town to look ahead in order to meet the growth and service needs of the Town. In FY 2023, the General Fund expenditure budget was increased by $2,516,267 over the FY 2022 budget. Amendments made during FY 2023 increased the original revenue and other financing sources budget by $563,798 and increased the expenditure and other financing uses budget by $5,242,722.

The Town primarily amended the budget to transfer excess revenue received from the prior year to CIP fund for future capital projects. During the fiscal year, the Town analyzes their quarterly financial statements and determines if a budget amendment is reasonable and necessary. All budget amendments receive scrutiny and Town Council approval through an ordinance.

In the General Fund, the actual revenue and other financing sources received was $10,856,031 more than budgeted. This positive variance is most noticeable in taxes, interest, and charges for services. This was due to growth in the community and market conditions for investments. General Fund expenditures had a final budget to actual variance of $4,102,981. This positive variance is the result of savings experienced in nearly all departments.

Capital Assets

The Town's investment in capital assets for its governmental and business-type activities as of September 30, 2023, amounts to $392,905,050 (net of accumulated depreciation). This investment in capital assets includes land and improvements, buildings, park facilities, vehicles, machinery and equipment, roads, bridges and water and sewer lines. About 74% of the capital assets are governmental and 26% are business-type activities. The total increase in the Town's investment in capital assets for the current year was 17%.

Table 4
Capital Assets at Year-end
(net of accumulated depreciation)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2023	2022 *	2023	2022 *	2023	2022 *
Land	$ 10,210,630	$ 10,210,630	$ 1,639,066	$ 1,639,066	$ 11,849,696	$ 11,849,696
Construction in progress	64,895,051	27,982,464	21,439,988	12,670,552	86,335,039	40,653,016
Buildings	53,008,071	54,612,020	1,848,718	1,902,119	54,856,789	56,514,139
Infrastructure	137,197,827	124,863,092	73,646,231	73,046,458	210,844,058	197,909,550
Other improvements	16,075,211	17,947,319	-	-	16,075,211	17,947,319
Machinery and equipment	10,073,875	9,449,161	1,656,924	1,659,416	11,730,799	11,108,577
Right of Use Assets	111,317	17,079	-	-	111,317	17,079
Subscription assets	600,441	-	501,700	-	1,102,141	-
Total	$ 292,172,423	$ 245,081,765	$ 100,732,627	$ 90,917,611	$ 392,905,050	$ 335,999,376

*Balances have not been restated for the adoption of GASB 96

Major capital asset events during the current fiscal year included expansion of the PID projects (including developer contributions), construction of The Lawn at the Lakefront™, construction of the Lakeside Sports Complex, and construction of Woodrow Circle.

Additional information on the Town's capital assets can be found in Note 5 of the notes to the financial statements.

Debt Administration

At the end of the current fiscal year, the Town of Little Elm had total bonded debt outstanding of $102,105,000, all of which is backed by the full faith and credit of the Town. Additional information on the Town's long-term debt can be found in Note 8 of the notes to the financial statements.

Table 5
Outstanding Debt
Outstanding Debt and Long-Term Liabilities

	Governmental Activities		Business-Type Activities		Total		Component Units	
	2023	2022 *	2023	2022 *	2023	2022 *	2023	2022
Gross bonded debt								
General obligation	$ 13,010,000	$ 15,400,000	$ 12,425,000	$ 13,865,000	$ 25,435,000	$ 29,265,000	$ -	$ -
Certificates of obligation	52,730,000	56,090,000	23,940,000	25,495,000	76,670,000	81,585,000	-	-
Total bonded debt	65,740,000	71,490,000	36,365,000	39,360,000	102,105,000	110,850,000	-	-
Other long-term debt								-
Notes payable	-	-	200,000	300,000	200,000	300,000	16,595,330	17,432,587
Unamortized premiums	4,075,326	4,415,609	1,956,652	2,127,508	6,031,978	6,543,117	-	-
Compensated absences	3,124,833	3,417,664	293,955	293,393	3,418,788	3,711,057	118,732	71,202
Leases	112,853	17,058	-	-	112,853	17,058	-	-
Subscription liabilities	358,760	-	298,688	-	657,448	-	-	-
Total OPEB liability	376,360	548,846	34,917	50,925	411,277	599,771	-	-
Net pension liability	10,188,779	3,306,573	932,094	306,799	11,120,873	3,613,372	-	-
Total other long-term debt	18,236,911	11,705,750	3,716,306	3,078,625	21,953,217	14,784,375	16,714,062	17,503,789
Total	$ 83,976,911	$ 83,195,750	$ 40,081,306	$ 42,438,625	$ 124,058,217	$ 125,634,375	$ 16,714,062	$ 17,503,789

*Balances have not been restated for the adoption of GASB 96

The Town continues to maintain favorable ratings from the bond rating agencies. Standard & Poor's rating was maintained at AA+. The outlook is stable. The rating reflects the Town's economic improvement driven by strong tax base growth coupled with sustained and very strong reserves.

Additional information on the Town's long-term debt can be found in Note 8 of the notes to the financial statements.

Discretely Presented Component Units

The Little Elm Economic Development Corporation (LEEDC) and Little Elm Community Development Corporation (LECDC) have been included in the reporting entity as discretely presented component units since they provide benefits to other entities aside from the Town. Separate audited financial statements are not issued for LEEDC or LECDC.

The Economic Development Corporation (LEEDC) is a legally separate governmental entity that promotes (a) existing business enterprise expansion and retention, and (b) new business enterprise development. The LEEDC's net position at fiscal year-end was $13,395,695 . This is an increase of $2,743,494 from the prior year. The LEEDC's total revenues were $4,819,475 of which $3,400,611 was from sales taxes. For the year, the LEEDC had expenses of $2,345,981 .

Additional information on the LEEDC's long-term debt can be found in Note 8 of the notes to the financial statements.

The Community Development Corporation (LECDC) is a legally separate governmental entity tasked with bringing recreational, facility development and tourism opportunities to the Town and is supported by a voter approved sales tax. The LECDC's net position at year-end was $1,424,255 . This is an decrease of $796,148 from the prior year. The LECDC's total revenues were $1,897,457 of which $1,820,544 was from sales taxes. For the year, the LECDC had expenditures of $2,693,605.

2023 Highlights and Accomplishments

At the close of fiscal year 2023 here are a few of the highlights and accomplishments for this year:

- Lowered tax rate from $0.643948 to $0.629900 while increasing services for Public Safety, Parks and Recreation, and Public Works. This is the lowest property tax rate in over a decade.
- Maintained bond ratings from both S&P and Moody's due to the Town's very strong economy, rapidly growing tax base, and strong financial position due to the significant ongoing development while maintaining conservative budgeting and formal policies, which will attract investors and lower rates for borrowing in the future.
- Added three new events to Little Elm Park.
- Completed $1.8M of street maintenance from the quarter sales tax.
- Completed full reconstruction of Woodrow Circle, including utilities.
- Established a new patrol district for Spiritas Ranch housing development in the NW portion of Town.
- Established the Little Elm Youth Council program.
- Celebrated the grand opening of The Lawn at the Lakefront™.
- Ribbon cutting for the newly renovated Lakeside sports complex.
- Construction for the Cottonwood Park renovations to be completed in late 2024.
- Had over 40 new business open in 2023.
- Received the Platinum Scenic City designation.
- Completed Phase I of the Green Ribbon project.
- Installed new electronic message boards at key intersections.
- Twenty-five team members have obtained new certifications in their designated fields.
- Completed the first year of our new annual pavement marking replacement program.
- Completed design/study on SCADA system, west side water system, Hill Town drainage, and Mansell pump station.
- Added parental leave, volunteer leave, and two additional holidays-Juneteenth and Veterans Day.

All of these highlights, accomplishments and more is located in the Town's 2023 Strategic Report located at https://www.littleelm.org/1429/Plan-Progress.

Economic Factors and Next Year's Budget and Rates (2023-2024)

Little Elm is still a rapidly growing community, and with that comes a tremendous number of challenges and outstanding opportunities. With this growth, new sources and higher amounts of revenue are allocated in the budget. Still, there is also a mounting list of needs for programs and services to accommodate the growth and meet the community's expectations.

Little Elm continues to present a five-year balanced budget (technically a one-year budget and 4-year financial plan) to the Council for consideration. The purpose of the approach is to ensure that we are providing sustainable services in Little Elm's high growth environment. This is particularly important as we continue expanding services in the northern part of the community and extend contractual services to various partners in our region.

Growing municipal services to provide for the needs of our residents in the northern part of the community has been a big part of planning operational growth over the past few years. This area will continue to be the area of the highest growth as the existing residential developments along the U.S. 380 corridor continue to build homes, and Spiritas Ranch, the approved 2,200 lot subdivision, breaks ground and begins to build. The five-year budget looks at the cost of those services and the revenues coming due to the growth. A multi-year plan is very helpful since the expenses for these services are in the very new future, yet the revenues will be delayed as the area grows and new taxable values are added to the tax rolls.

For the last several years, it has been the goal to keep the tax rate competitive with other cities and towns while still providing adequate revenue to fund the needs of a rapidly growing community now and into the future. This year, once again, the Town presented the lowest since 2009 at a tax rate of $0.589900 while still meeting objectives. The Town was able to maintain the voter-approval tax rate, prepare for its future obligations, and adhere to the Town's long and short-term operational plan. Of the total tax rate, $0.440095 is dedicated to general operations and maintenance (O&M) in the General Fund, and $.149805 is dedicated to general obligation debt service (I&S).

Some of the more significant upcoming capital projects are as follows: (Many of these projects cover several years, so they are not limited to the FY 2023-2024 budget.) Projects include the Fire Station #4/Police Substation, Cottonwood Park, Public Works building expansion, Little Elm Park camping improvements, McCord Park water reuse line, West side emergency interconnection, Hill Lane improvements, King Road improvements, Fishtrap Road, North Oak Grove Parkway, Mansel pump station, North Little Elm Library kiosk, police radio and camera equipment replacements, establishment of a facility maintenance and replacement fund.

The fiscal year 2023-2024 operating budget increased by 10.92% or $7,895,231, from fiscal year 2022-2023 budget. The primary increase in budget is a result of hiring 10.5 new FTEs, cost of living adjustment in salaries, dispatch services increase, HVAC replacements, police radio and camera replacements, health insurance, NTMWD rate increase from $3.44 to $3.74, and the new projects coming online.

Total Town wide revenues increased over the amended 2022-2023 budget due to debt proceeds for a future debt issuance for water and wastewater projects and interlocal agreements. The Town will continue to see commercial development, population growth in the area, and increased property tax rolls over the coming years. The Town's new assessed properties added $1.387 billion more value to the tax role. Sales tax revenue is also expected to grow. The total amount of sales tax ($.015) budgeted for FY 2023-2024 reflects an increase of 9% increase over last year's budget, which is another indicator of growth within the area. Major increases in operational costs are:

New personnel	$ 2,276,055
Compensated plan implementation	$ 395,628
Phase II of West Side Public Safety Services	$ 1,071,746

General Fund revenues and budgeted transfers are estimated at $51,537,540 for FY 2023-2024. Property tax represents 50% of the total funding to the General Fund at $25.58 million. The sales tax maximum rate is 8.25%, with 1% contributed to the Town of Little Elm's General Fund. The sales tax reported in the General Fund is projected to generate revenue of approximately $6.935 million. Development Services is projected to collect $2.8 million for new residential construction permits at 1,350 units and commercial permitting.

The Water and Sewer Fund is expected to begin FY 2023-2024 with a $23.9 million working capital balance. The Town's policy initiative to maintain working capital reserves at a minimum of 120 days calculated from the previous year's earnings. A healthy fund balance is necessary to help fund the future capital projects and one-time maintenance infrastructure costs planned within the five-year balanced budget.

The Utility Fund total system revenues are estimated at $23.8 million, or 12% more than the prior year budget due to the moderate growth in residential, multi-family and commercial connections to the Town's utility system and a 2% water rate increase effective this budget cycle.

The total number of budgeted employees or FTE's (Full-time equivalents) is 371.25 for a salary with benefits cost of $42.3 million (including new positions). New positions budgeted for FY 2023-2024 are: 4 Patrol Officers, 2 SROs servicing Denton ISD, Facility Technician, Tourism, Events and Sales Coordinator, Assistant Fire Marshal, Process Improvement and Innovation Manager, Part Time Assistant to the Town Manager.

The 2023-2024 budget reflects the efforts of the governing body and Town staff to address the need to provide services and facilities to support our vibrant and growing community, while still maintaining a strong financial position.

Tax Increment Reinvestment Zones and Public Improvement Districts

Note 14 to the Financial Statements addresses the Town Council's creation of four Tax Increment Reinvestment Zones ("TIRZ") (#3, #4, #5 and #6) and the seven Public Improvement Districts. The Financial Statements specifically addresses the creation for each zone and district.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Town's finances. If you have questions about this report or need additional financial information, contact the Finance Department, Town of Little Elm, 100 W. Eldorado Parkway, Little Elm, Texas 75068, or call (214)975-0415.

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Basic Financial Statements

Town of Little Elm, Texas
Statement of Net Position
September 30, 2023

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Economic Development Corporation	Community Development Corporation
Assets					
Cash and cash equivalents	$ 42,000,269	$ 22,287,153	$ 64,287,422	$ 6,777,097	$ 711,008
Investments	46,140,829	12,620,400	58,761,229	-	370,925
Restricted cash and cash equivalents	12,272,177	1,931,226	14,203,403	-	-
Restricted investments	15,263,486	7,164,479	22,427,965	-	-
Receivables (net of allowance for uncollectibles)	5,232,896	4,124,922	9,357,818	712,349	344,607
Due from other governments	464,630	-	464,630	-	-
Internal balances	(1,505)	1,505	-	-	-
Lease receivable	4,479,099	-	4,479,099	8,836,796	-
Financed purchase receivable	-	-	-	2,521,344	-
Prepaids	32,232	495	32,727	-	-
Inventories	100,309	615,240	715,549	-	-
Note receivable from primary government	-	-	-	200,000	-
Capital, lease and subscription assets:					
Land	10,210,630	1,639,066	11,849,696	11,451,447	-
Depreciable and amortizable assets, net	217,066,742	77,653,573	294,720,315	8,198,612	-
Construction in progress	64,895,051	21,439,988	86,335,039	-	-
Total assets	418,156,845	149,478,047	567,634,892	38,697,645	1,426,540
Deferred Outflows of Resources					
Deferred outflows - Pension	6,568,979	600,929	7,169,908	-	-
Deferred outflows - OPEB	108,562	9,931	118,493	-	-
Deferred loss on refunding	-	443,547	443,547	-	-
Total deferred outflows of resources	6,677,541	1,054,407	7,731,948	-	-
Total assets and deferred outflows of resources	$ 424,834,386	$ 150,532,454	$ 575,366,840	$ 38,697,645	$ 1,426,540

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Economic Development Corporation	Community Development Corporation
Liabilities					
Current Liabilities					
Accounts payable and other accrued liabilities	$ 7,386,625	$ 1,158,500	$ 8,545,125	$ 196,896	$ -
Accrued interest payable	355,162	192,740	547,902	39,269	-
Retainage payable	932,707	97,068	1,029,775	-	-
Customer deposits	619,293	1,931,226	2,550,519	-	-
Unearned revenue	1,023,835	-	1,023,835	-	2,285
Due within one year	7,882,005	3,322,376	11,204,381	1,089,836	-
Total current liabilities	18,199,627	6,701,910	24,901,537	1,326,001	2,285
Other Liabilities					
Due in more than one year	76,094,906	36,758,930	112,853,836	15,624,226	-
Total other liabilities	76,094,906	36,758,930	112,853,836	15,624,226	-
Total liabilities	94,294,533	43,460,840	137,755,373	16,950,227	2,285
Deferred Inflows of Resources					
Deferred gain on refunding	39,677	-	39,677	-	-
Deferred inflows - OPEB	240,892	22,037	262,929	-	-
Deferred inflows - leases	4,362,756	-	4,362,756	8,351,723	-
Total deferred inflows of resources	4,643,325	22,037	4,665,362	8,351,723	-
Net Position					
Net investment in capital assets	244,186,130	68,786,015	312,972,145	3,054,729	-
Restricted					
Construction	23,092,839	5,556,868	28,649,707	-	-
Economic development	464,158	-	464,158	9,215,871	1,424,255
Stormwater drainage	1,737,423	-	1,737,423	-	-
Street maintenance	942,960	-	942,960	-	-
Streetscape	372,657	-	372,657	-	-
Debt service	2,086,732	-	2,086,732	1,125,095	-
Other	940,505	-	940,505	-	-
Unrestricted	52,073,124	32,706,694	84,779,818	-	-
Total net position	325,896,528	107,049,577	432,946,105	13,395,695	1,424,255
Total liabilities, deferred inflows of resources and net position	$ 424,834,386	$ 150,532,454	$ 575,366,840	$ 38,697,645	$ 1,426,540

Town of Little Elm, Texas
Statement of Activities
For the Year Ended September 30, 2023

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government				
Governmental activities:				
General government	$ 10,892,954	$ 2,173,851	$ 6,565,378	$ 3,295,552
Community services	4,472,775	5,357,997	74,542	-
Public safety	35,635,979	2,184,546	7,011,387	-
Public works	10,587,808	25,935	-	31,181,735
Culture and recreation	10,794,712	5,565,911	99,169	-
Interest and fiscal charges	1,792,689	-	-	-
Bond issuance costs	(1,847,790)	-	-	-
Total governmental activities	72,329,127	15,308,240	13,750,476	34,477,287
Business-type Activities:				
Water and sewer services	17,277,567	22,865,149	-	3,984,868
Solid waste services	3,001,660	3,535,375	-	-
Total business-type activities	20,279,227	26,400,524	-	3,984,868
Total primary government	$ 92,608,354	$ 41,708,764	$ 13,750,476	$ 38,462,155
Component Units				
Economic Development Corporation	2,345,981	1,418,864	-	-
Community Development Corporation	2,693,605	-	-	-
Total component units	$ 5,039,586	$ 1,418,864	$ -	$ -
General Revenues				
Taxes:				
Property taxes, penalty, and interest				
Sales taxes				
Franchise fees				
Grants not restricted to specific programs				
Interest				
Gain on disposal of capital assets				
Miscellaneous				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position, beginning of year				
Net position, end of year				

The accompanying notes to the basic financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position				
Primary Government			Component Units	
Governmental Activities	Business-type Activities	Total	Economic Development Corporation	Community Development Corporation
$ 1,141,827	$ -	$ 1,141,827	$ -	$ -
959,764	-	959,764	-	-
(26,440,046)	-	(26,440,046)	-	-
20,619,862	-	20,619,862	-	-
(5,129,632)	-	(5,129,632)	-	-
(1,792,689)	-	(1,792,689)	-	-
1,847,790	-	1,847,790	-	-
(8,793,124)	-	(8,793,124)	-	-
-	9,572,450	9,572,450	-	-
-	533,715	533,715	-	-
-	10,106,165	10,106,165	-	-
$ (8,793,124)	$ 10,106,165	$ 1,313,041	$ -	$ -
-	-	-	(927,117)	-
-	-	-	-	(2,693,605)
$ -	$ -	$ -	$ (927,117)	$ (2,693,605)
38,361,923	-	38,361,923	-	-
9,181,331	-	9,181,331	3,400,611	1,820,544
2,993,276	251,024	3,244,300	-	-
1,869,781	-	1,869,781	-	-
5,901,906	2,145,139	8,047,045	-	76,913
278,957	15,412	294,369	-	-
353,848	-	353,848	-	-
(2,691,784)	2,691,784	-	-	-
56,249,238	5,103,359	61,352,597	3,400,611	1,897,457
47,456,114	15,209,524	62,665,638	2,473,494	(796,148)
278,440,414	91,840,053	370,280,467	10,922,201	2,220,403
$ 325,896,528	$ 107,049,577	$ 432,946,105	$ 13,395,695	$ 1,424,255

The accompanying notes to the basic financial statements are an integral part of this statement.

Town of Little Elm, Texas
Balance Sheet
Governmental Funds
September 30, 2023

	General Fund	Debt Service	Capital Projects
Assets			
Cash and cash equivalents	$ 15,202,528	$ 1,301,291	$ 18,582,300
Investments	31,709,100	678,869	10,003,631
Restricted cash and cash equivalents	26,147	-	593,146
Restricted investments	-	-	15,102,696
Receivables, net of allowance for doubtful accounts:			
Taxes	1,578,036	57,851	-
Franchise fees	1,204,611	-	-
Other	1,536,282	120,313	86,232
Leases	635,198	-	-
Due from other governments	-	-	257,765
Due from other funds	517,321	-	-
Prepaids	31,982	-	-
Inventories	100,309	-	-
Total assets	$ 52,541,514	$ 2,158,324	$ 44,625,770
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities			
Accounts payable and other accrued liabilities	$ 2,362,121	$ -	$ 3,312,227
Due to other funds	5,116	-	-
Retainage payable	16,620	-	763,408
Unearned revenue	304,774	4,182	61,629
Deposits	26,147	-	593,146
Total liabilities	2,714,778	4,182	4,730,410
Deferred Inflows of Resources			
Unavailable resources	1,181,612	67,410	257,765
Total deferred inflows of resources	1,181,612	67,410	257,765
Fund Balances			
Nonspendable	132,291	-	-
Restricted	-	2,086,732	39,637,595
Unassigned	48,512,833	-	-
Total fund balances	48,645,124	2,086,732	39,637,595
Total liabilities, deferred inflows of resources and fund balances	$ 52,541,514	$ 2,158,324	$ 44,625,770

PID Capital Projects	Landscape Fund	Nonmajor Governmental Funds	Total Governmental Funds
$ -	$ 212,664	$ 1,976,033	$ 37,274,816
-	110,945	1,173,066	43,675,611
10,040,501	-	1,612,383	12,272,177
-	-	160,790	15,263,486
-	-	366,331	2,002,218
-	-	-	1,204,611
-	14,792	236,972	1,994,591
-	3,843,901	-	4,479,099
-	-	206,865	464,630
-	-	5,116	522,437
-	-	250	32,232
-	-	-	100,309
$ 10,040,501	$ 4,182,302	$ 5,737,806	$ 119,286,217
$ 1,281,270	$ 46,272	$ 367,959	$ 7,369,849
-	-	518,828	523,944
-	26,415	126,264	932,707
-	683	652,567	1,023,835
-	-	-	619,293
1,281,270	73,370	1,665,618	10,469,628
-	3,736,275	-	5,243,062
-	3,736,275	-	5,243,062
-	-	250	132,541
8,759,231	372,657	4,085,046	54,941,261
-	-	(13,108)	48,499,725
8,759,231	372,657	4,072,188	103,573,527
$ 10,040,501	$ 4,182,302	$ 5,737,806	$ 119,286,217

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Town of Little Elm, Texas
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
September 30, 2023

Total Governmental Funds Balances	$	103,573,527
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital, lease, and subscription assets used in governmental activities are not financial resources and therefore are not reported in the funds, excluding internal service funds capital, lease, and subscription assets of $5,359,111, which are allocated to governmental activities.		286,813,312
Accrued interest on governmental activities debt is not reported in the funds until paid.		(355,162)
Revenues earned but not available within sixty days of fiscal year-end are not recognized as revenue in the governmental funds financial statements.		880,306
The internal service fund is used by management to charge the cost of certain activities, such as fleet management, to individual funds. The assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the internal service fund that are attributable to governmental activities are included in the government-wide financial statements.		12,564,484
Included in the items related to long-term liabilities is the recognition of the Town's net pension liability. The net position related to pensions includes deferred outflows of resources in the amount of $6,568,979 and the net pension liability of $10,188,779.		(3,619,800)
Included in the items related to long-term liabilities is the recognition of the Town's total OPEB liability. The net position related to OPEB includes deferred outflows of resources in the amount of $108,562, deferred inflows of resources in the amount of $240,892, and the total OPEB liability of $376,360.		(508,690)
Compensated absences are not due and payable in the current period and therefore are not reported in the funds.		(3,124,833)
Long-term liabilities excluding compensated absences, pension or OPEB and the related deferred outflows and inflows of resources, are not due and payable in the current period and, therefore, are not reported in the funds. A summary of these items are as follows:		
Long-term liabilities:		
Due in one year		(5,062,273)
Due in more than one year		(65,224,666)
Deferred inflows of resources:		
Deferred gain on bond refunding		(39,677)
Net Position of Governmental Activities	$	325,896,528

Town of Little Elm, Texas
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2023

	General Fund	Debt Service	Capital Projects
Revenues			
Taxes:			
Property taxes, penalty, and interest	$ 26,906,479	$ 8,559,654	$ -
General sales and use taxes	7,325,926	-	-
Franchise taxes and other	2,738,878	-	-
Licenses and permits	3,887,930	-	667,158
Intergovernmental	8,056,544	114,461	3,752,611
Charges for services	7,941,507	-	-
Impact fees	-	-	376,362
Fines and forfeitures	999,937	-	-
Contributions	15,000	-	2,050,000
Interest	2,327,840	154,100	2,143,637
Other revenues	248,000	-	-
Total revenues	60,448,041	8,828,215	8,989,768
Expenditures			
Current:			
General government	5,367,134	-	-
Community services	3,421,099	-	-
Public safety	28,799,434	-	-
Public works	3,554,674	-	-
Culture and recreation	8,855,288	-	-
Debt service:			
Principal retirement	227,651	5,750,000	-
Interest and fiscal agent fees	11,648	2,190,883	-
Other debt service costs	-	4,499	-
Capital outlay	2,075,646	-	17,559,272
Total expenditures	52,312,574	7,945,382	17,559,272
Excess (Deficiency) of Revenues Over (Under) Expenditures	8,135,467	882,833	(8,569,504)
Other Financing Sources (Uses)			
Leases issued	115,798	-	-
Sale of capital assets	49,643	-	-
Insurance recoveries	353,563	-	-
Transfers in	2,320,326	-	4,800,000
Transfers out	(3,700,000)	-	-
Total other financing sources (uses)	(860,670)	-	4,800,000
Net Change in Fund Balances	7,274,797	882,833	(3,769,504)
Fund Balances, Beginning of Year	41,370,327	1,203,899	43,407,099
Fund Balances, End of Year	$ 48,645,124	$ 2,086,732	$ 39,637,595

The accompanying notes to the basic financial statements are an integral part of this statement.

PID Capital Projects	Landscape Fund	Nonmajor Governmental Funds	Total Governmental Funds
$ -	$ -	$ 2,745,601	$ 38,211,734
-	-	2,011,913	9,337,839
-	-	82,891	2,821,769
-	-	-	4,555,088
-	24,542	772,437	12,720,595
-	286,462	747,201	8,975,170
-	-	-	376,362
-	-	450,951	1,450,888
14,921,892	50,000	33,738	17,070,630
724,451	21,752	265,623	5,637,403
-	12,650	24,023	284,673
15,646,343	395,406	7,134,378	101,442,151
2,726,949	-	2,442,574	10,536,657
-	512,486	-	3,933,585
-	-	953,859	29,753,293
-	-	2,173,805	5,728,479
-	-	10,295	8,865,583
-	-	-	5,977,651
-	-	-	2,202,531
-	-	-	4,499
19,132,455	265,853	790,367	39,823,593
21,859,404	778,339	6,370,900	106,825,871
(6,213,061)	(382,933)	763,478	(5,383,720)
-	-	-	115,798
-	-	-	49,643
-	-	-	353,563
-	391,000	-	7,511,326
(5,217,586)	-	(1,285,524)	(10,203,110)
(5,217,586)	391,000	(1,285,524)	(2,172,780)
(11,430,647)	8,067	(522,046)	(7,556,500)
20,189,878	364,590	4,594,234	111,130,027
$ 8,759,231	$ 372,657	$ 4,072,188	$ 103,573,527

The accompanying notes to the basic financial statements are an integral part of this statement.

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Town of Little Elm, Texas
Reconcilliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to Statement of Activities
For the Year Ended September 30, 2023

Net Change in Fund Balances - Total Governmental Funds	$	(7,556,500)
Amounts reported for governmental funds in the statement of activities are different because:		
Change in revenues not considered available in the governmental funds.		100,774
This amount is the amount of governmental activities capital asset additions for the current period, $57,771,580, less $16,741,525 in developer contributions and $1,206,462 of additions allocated from the internal service fund.		39,823,593
Depreciation/amortization on capital, lease, and subscription assets is reported in the Statement of Activities but does not require the use of current financial resources. Therefore, depreciation/amortization is not reported as expenditures in the governmental funds. This amount excludes $1,110,511 of depreciation/amortization in the internal service fund.		(10,040,765)
Donation of property from developers is not reported in the governmental funds. However, in the statement of activities, the fair value of those assets is recognized as revenue.		16,741,525
The net effect of various transactions involving capital assets (i.e. sales and contributions) is to increase or decrease net position.		(5,468)
The issuance of long-term debt (e.g. bonds, leases, subscription liabilities) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas the amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Issuance of leases		(115,798)
Repayment of principal on long-term debt		5,750,000
Repayment of principal on leases		20,003
Repayment of principal on subscription liabilities		207,648
Amortization of:		
Premium on issuance of long-term debt		340,283
Gain on refunding		3,363
Current year change in accrued interest payable requires the use of current financial resources; but it is not reported as an expense in the government-wide statements.		66,196
Current year changes in certain long-term liabilities (do)/do not require the use of current financial resources and, therefore, are/(are not) reported as expenditures in governmental funds.		
Net Pension liability and related deferred outflows and inflows of resources		(684,483)
Total OPEB liability and related deferred outflows and inflows of resources		(40,450)
Compensated absences liability		292,831
The internal service fund is used by management to charge the costs of certain activities, such as fleet management, to individual funds. The change in net position of the internal service fund is reported with governmental activities.		2,553,362
Change in Net Position of Governmental Activities	$	47,456,114

Town of Little Elm, Texas
Statement of Net Position
Proprietary Funds
September 30, 2023

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water and Sewer	Solid Waste	Total	
Assets				
Current assets				
Cash and cash equivalents	$ 21,687,219	$ 599,934	$ 22,287,153	$ 4,725,453
Investments	12,307,938	312,462	12,620,400	2,465,218
Restricted cash and cash equivalents	1,931,226	-	1,931,226	-
Restricted Investments	7,164,479	-	7,164,479	-
Receivables (net of allowance for uncollectibles)	3,813,614	311,308	4,124,922	31,476
Prepaids	495	-	495	-
Inventories	615,240	-	615,240	-
Due from other funds	-	1,559	1,559	-
Total current assets	47,520,211	1,225,263	48,745,474	7,222,147
Noncurrent assets				
Capital and subscription assets				
Land	1,639,066	-	1,639,066	-
Depreciable and amortizable assets, net	77,460,780	192,793	77,653,573	5,321,111
Construction in progress	21,439,988	-	21,439,988	38,000
Total noncurrent assets	100,539,834	192,793	100,732,627	5,359,111
Total assets	148,060,045	1,418,056	149,478,101	12,581,258
Deferred Outflows of Resources				
Deferred outflows - Pension	600,929	-	600,929	-
Deferred outflows - OPEB	9,931	-	9,931	-
Deferred loss on refunding	443,547	-	443,547	-
Total deferred outflows of resources	1,054,407	-	1,054,407	-
Total assets and deferred outflows of resources	$ 149,114,452	$ 1,418,056	$ 150,532,508	$ 12,581,258

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water and Sewer	Solid Waste	Total	
Liabilities				
Current liabilities				
Accounts payable and other accrued liabilities	1,151,498	7,002	1,158,500	16,774
Retainage payable	97,068	-	97,068	-
Accrued interest payable	192,740	-	192,740	-
Due to other funds	54	-	54	-
Customer deposits	1,931,226	-	1,931,226	-
Current portion of long-term debt	3,322,376	-	3,322,376	-
Total current liabilities	6,694,962	7,002	6,701,964	16,774
Noncurrent liabilities				
Long-term debt, net of current portion	36,758,034	896	36,758,930	-
Total noncurrent liabilities	36,758,034	896	36,758,930	-
Total liabilities	43,452,996	7,898	43,460,894	16,774
Deferred Inflows of Resources				
Deferred inflows - OPEB	22,037	-	22,037	-
Total deferred inflows of resources	22,037	-	22,037	-
Net Position				
Net investment in capital assets	68,593,222	192,793	68,786,015	5,359,111
Restricted for				
Construction - impact fees	5,556,868	-	5,556,868	-
Unrestricted	31,489,329	1,217,365	32,706,694	7,205,373
Total net position	105,639,419	1,410,158	107,049,577	12,564,484
Total liabilities, deferred inflows of resources and net position	$ 149,114,452	$ 1,418,056	$ 150,532,508	$ 12,581,258

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Town of Little Elm, Texas
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended September 30, 2023

	Business-type Activities - Enterprise Funds			Governmental Activities -
	Water and Sewer	Solid Waste	Total	Internal Service Fund
Operating Revenues				
Water sales	$ 13,805,820	$ -	$ 13,805,820	$ -
Charges for sewer services	8,231,811	-	8,231,811	-
Tap, connection, and other fees	640,161	-	640,161	-
Charges for solid waste	-	3,762,176	3,762,176	-
Contributions	-	-	-	3,241,234
Other revenue	16,501	24,223	40,724	54,318
Total operating revenues	22,694,293	3,786,399	26,480,692	3,295,552
Operating Expenses				
Personnel services	3,001,938	38,851	3,040,789	-
Contractual services	722,557	2,750,557	3,473,114	-
Repairs and maintenance	538,143	93,838	631,981	-
Water purchases	6,155,497	-	6,155,497	-
Supplies	1,124,580	51,493	1,176,073	130,964
Depreciation and amortization	3,573,696	49,063	3,622,759	1,110,511
Operating expenses	840,049	17,858	857,907	-
Total operating expenses	15,956,460	3,001,660	18,958,120	1,241,475
Operating Income	6,737,833	784,739	7,522,572	2,054,077
Nonoperating Revenues (Expenses)				
Gain on sale of capital assets	15,412	-	15,412	234,782
Interest income	2,099,111	46,028	2,145,139	264,503
Interest expense	(1,150,251)	-	(1,150,251)	-
Total nonoperating revenues (expenses)	964,272	46,028	1,010,300	499,285
Income Before Capital Contributions, Impact Fees, and Transfers	7,702,105	830,767	8,532,872	2,553,362
Capital contributions	3,580,061	-	3,580,061	-
Impact fees	404,807	-	404,807	-
Transfers in	5,217,586	-	5,217,586	-
Transfers out	(1,959,802)	(566,000)	(2,525,802)	-
Total capital contributions, impact fees, and transfers	7,242,652	(566,000)	6,676,652	-
Change in Net Position	14,944,757	264,767	15,209,524	2,553,362
Net Position, Beginning of Year	90,694,662	1,145,391	91,840,053	10,011,122
Net Position, End of Year	$ 105,639,419	$ 1,410,158	$ 107,049,577	$ 12,564,484

The accompanying notes to the basic financial statements are an integral part of this statement.

Town of Little Elm, Texas
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2023

	Business-type Activities - Enterprise Funds			Governmental Activities- Internal Service Fund
	Water and Sewer	Solid Waste	Total	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	$ 22,421,854	$ 3,838,161	$ 26,260,015	$ -
Receipts from interfund charges for services	-	-	-	3,284,071
Payments to suppliers	(10,336,342)	(3,149,369)	(13,485,711)	(115,308)
Payments to employees	(2,850,126)	(37,955)	(2,888,081)	-
Cash received (paid) from transactions with other funds	54	(1,559)	(1,505)	-
Net cash provided by operating activities	9,235,440	649,278	9,884,718	3,168,763
CASH FLOWS FROM NONCAPITAL FINACING ACTIVITIES				
Transfers out	(1,959,802)	(566,000)	(2,525,802)	-
Net cash used for noncapital financing activities	(1,959,802)	(566,000)	(2,525,802)	-
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES				
Acquisition of capital assets	(8,556,536)	-	(8,556,536)	(1,206,461)
Transfers received from other funds for capital construction	5,217,586	-	5,217,586	-
Proceeds from sale of capital assets	15,412	-	15,412	325,367
Impact fees	404,807	-	404,807	-
Principal paid on capital debt	(3,183,866)	-	(3,183,866)	-
Interest paid on capital debt	(1,273,770)	-	(1,273,770)	-
Net cash used for capital financing activities	(7,376,367)	-	(7,376,367)	(881,094)
CASH FLOWS FROM INVESTING ACTIVITIES				
Net purchases of investments	734,653	(39,556)	695,097	(848,714)
Interest and dividends on investments	2,099,111	46,028	2,145,139	264,503
Net cash provided by (used for) investing activities	2,833,764	6,472	2,840,236	(584,211)
Net increase in cash and cash equivalents	2,733,035	89,750	2,822,785	1,703,458
Cash and cash equivalents, beginning of the year	20,885,410	510,184	21,395,594	3,021,995
Cash and cash equivalents, ending of the year	$ 23,618,445	$ 599,934	$ 24,218,379	$ 4,725,453

(Including $1,931,226 of restricted cash and cash equivalents in the Water and Sewer Fund)

The accompanying notes to the basic financial statements are an integral part of this statement.

	Business-type Activities - Enterprise Funds			Governmental Activities- Internal Service Fund
	Water and Sewer	Solid Waste	Total	
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income	$ 6,737,833	$ 784,739	$ 7,522,572	$ 2,054,077
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation/amortization	3,573,696	49,063	3,622,759	1,110,511
(Increase) decrease in assets and deferred outflows of resources:				
Receivables, net	(372,433)	50,203	(322,230)	(11,481)
Inventories	(374,903)	-	(374,903)	-
Prepaids	905	-	905	-
Deferred outflows of resources - pension	(311,137)	-	(311,137)	-
Deferred outflows of resources - OPEB	2,264	-	2,264	-
Increase (decrease) in liabilites and deferred inflows of resources:				
Accounts payable and other accrued liabilities	(588,776)	(235,623)	(824,399)	15,656
Retainage payable	97,068	-	97,068	-
Customer deposits	99,994	-	99,994	-
Deferred inflows of resources - pension	(255,345)	-	(255,345)	-
Deferred inflows of resources - OPEB	17,321	-	17,321	-
Compensated absences	(334)	896	562	-
Pension liability	609,287	-	609,287	-
Net Cash Provided by Operating Activities	$ 9,235,440	$ 649,278	$ 9,884,718	$ 3,168,763
SCHEDULE OF NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES:				
Capital contributions	$ 3,580,061	$ -	$ 3,580,061	$ -
Capital assets in accounts payable	637,230	-	637,230	-

The accompanying notes to the basic financial statements are an integral part of this statement.

Town of Little Elm, Texas
Statement of Fiduciary Net Position
Fiduciary Fund
September 30, 2023

	PID Custodial Fund
Assets	
Cash and cash equivalents	$ 16,583,469
Total assets	16,583,469
Net Position	
Restricted for:	
Debt service	16,583,469
Total net position	$ 16,583,469

Town of Little Elm, Texas
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Year Ended September 30, 2023

	PID Custodial Fund
Additions	
Property taxes collected in district	$ 11,191,007
Total additions	11,191,007
Deductions	
Payments to bond holders	9,216,251
Total deductions	9,216,251
Net Increase in Fiduciary Net Position	1,974,756
Net Position, Beginning of Year	14,608,713
Net Position, End of Year	$ 16,583,469

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Note 1. Summary of Significant Accounting Policies

The Town of Little Elm, Texas (the Town) is a municipal corporation governed by an elected mayor and six-member Town Council and provides the following services by its charter: public safety, public works, health, culture, recreation, community development, water and sewer utilities, and solid waste services.

The accounting and reporting policies of the Town conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standards setting body for establishing governmental accounting and financial reporting principles. Management uses estimates and assumptions in preparing financial statements in accordance with GAAP. Those estimates and assumptions affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources, the disclosure of contingent assets and liabilities, and the reported revenues, expenditures, and expenses. Actual results could vary from the estimates that are used. The more significant accounting policies of the Town are described below.

Financial Statement Presentation

The basic financial statements are prepared in conformity with GASB Statement No. 34, which requires the government-wide financial statements to be prepared using the accrual basis of accounting and the economic resources measurement focus. Government-wide financial statements do not provide information by fund, but distinguish between the Town's governmental activities, business-type activities and activities of its discretely presented component units on the statement of net position and statement of activities. Significantly, the Town's statement of net position includes both noncurrent assets and noncurrent liabilities of the Town. In addition, the government-wide statement of activities reflects depreciation/amortization expenses on the Town's capital, lease and subscription assets, including infrastructure.

In addition to the government-wide financial statements, the Town has prepared fund financial statements, which use the modified accrual basis of accounting and the current financial resources measurement focus for the governmental funds. The accrual basis of accounting is utilized by proprietary and fiduciary funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Financial Reporting Entity

The Town's basic financial statements include the accounts of all Town operations. In evaluating how to define the government for financial reporting purposes, management has considered all entities for which the Town is considered to be financially accountable. As required by GAAP, these financial statements present the Town and its component units, entities for which the Town is considered to be financially accountable. The discretely presented component units are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the Town.

Little Elm Economic Development Corporation

The Little Elm Economic Development Corporation (EDC) is a duly-established municipal corporation created under the provisions of Section 4A of the Development Corporation Act of 1976 as revised, with approval of the governing body of the Town of Little Elm. The EDC, a separate non-profit corporation, was formed in 1993 for the public purposes of the promotion and development of new and expanded business enterprises to provide and encourage employment in the furtherance of the public welfare and is operated primarily within the geographic boundaries of the Town. The affairs of the EDC shall be managed by a Board of Directors consisting of five members who shall be appointed by the Town council: one director from the Town council and four directors at-large. The EDC is supported by a half- cent sales tax voted by referendum in 1993. An Executive Director is appointed by the EDC Board to carry out the Board's administrative and policy initiatives. The EDC is considered part of the Town's reporting entity and presented in the accompanying basic financial statements as a discretely presented component unit. The EDC does not issue separate financial statements.

Little Elm Community Development Corporation

The Little Elm Community Development Corporation (CDC) is a separate entity formed in February 2007 to improve and expand park and recreation facilities from revenue generated through the Type 4B sales tax. The CDC operates under the authority of Section 2(11)-(A)-(E) and Section 4B of Article 5190.6 of Revised Civil Statutes, as amended. The CDC is considered part of the Town's reporting entity and is presented in the accompanying basic financial statements as a discretely presented component unit. The CDC is a discretely presented component unit under the criteria of board appointment and removal by the Town Council, approval and oversight of capital projects as well as budget authorization and approval. The CDC does not issue separate financial statements.

Tax Increment Reinvestment Zone Number Three (TIRZ #3)

The Town created Tax Increment Reinvestment Zone Number Three (TIRZ #3) to provide additional financing resources to further enhance development within the zone. TIRZ #3 commenced October 2013 and will terminate on December 31, 2043, or at an earlier time designated by subsequent ordinance, or at such time, subsequent to the issuance of tax increment bonds, if any, that all project costs, tax increment bonds, notes and obligations of the zone have been paid in full. Although TIRZ #3 is fiscally dependent on the Town, as the Town approves their budgets and any debt issuances, TIRZ #3 qualifies for blending because the Board is the same as the Town Council. TIRZ #3 does not issue separate financial statements.

Tax Increment Reinvestment Zone Number Four (TIRZ #4)

The Town created Tax Increment Reinvestment Zone Number Four (TIRZ #4) to provide additional financing resources to further enhance development within the zone. TIRZ #4 commenced December 2013 and will terminate on December 31, 2048, or at an earlier time designated by subsequent ordinance, or at such time, subsequent to the issuance of tax increment bonds, if any, that all project costs, tax increment bonds, notes and obligations of the zone have been paid in full. TIRZ #4 is fiscally dependent on the Town, as the Town approves their budgets and any debt issuances. TIRZ #4 qualifies for blending because the Board is the same as the Town Council. TIRZ #4 is reported as a blended component unit of the Town and it does not issue separate financial statements.

Tax Increment Reinvestment Zone Number Five (TIRZ #5)

The Town created Tax Increment Reinvestment Zone Number Five (TIRZ #5) to provide additional financing resources to further enhance development within the zone. TIRZ #5 commenced December 2014 and was amended in fiscal year 2021 and will terminate on December 31, 2060, or at an earlier time designated by subsequent ordinance, or at such time, subsequent to the issuance of tax increment bonds, if any, that all project costs, tax increment bonds, notes and obligations of the zone have been paid in full. TIRZ #5 is fiscally dependent on the Town, as the Town approves their budgets and any debt issuances. TIRZ #5 qualifies for blending because the Board is the same as the Town Council. TIRZ #5 is reported as a blended component unit of the Town and it does not issue separate financial statements.

Tax Increment Reinvestment Zone Number Six (TIRZ #6)

The Town created Tax Increment Reinvestment Zone Number Six (TIRZ #6) to provide additional financing resources to further enhance development within the zone. TIRZ #6 commenced November 1, 2016 and will terminate on December 31, 2052, or at an earlier time designated by subsequent ordinance, or at such time, subsequent to the issuance of tax increment bonds, if any, that all project costs, tax increment bonds, notes and obligations of the zone have been paid in full. TIRZ #6 is fiscally dependent on the Town, as the Town approves their budgets and any debt issuances. TIRZ #6 qualifies for blending because the Board is the same as the Town Council. TIRZ #6 is reported as a blended component unit of the Town and it does not issue separate financial statements.

Government-Wide and Fund Financial Statements

The basic financial statements include both government-wide (based on the Town as a whole) and fund financial statements. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely on fees and charges for services. Additionally, the primary government is reported separately from the legally separate component units for which the primary government is financially accountable.

The government-wide statement of activities demonstrates the degree to which the direct expenses of a functional category (Public Safety, Public works, etc.) or program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or program. Program revenues include: a) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or program, b) grants and contributions that are restricted to meeting the operational requirements of a particular function or program, or c) grants and contributions that are restricted to meeting the capital requirements of a particular function or program. Taxes and other items not properly included among program revenues are reported instead as general revenues. Internally dedicated resources are also reported as general revenues rather than as program revenues.

Separate fund financial statements are provided for governmental funds, proprietary, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The major governmental funds are the general fund, the debt service fund, the capital projects fund, the PID capital projects fund, and the landscape fund. GASB Statement No. 34 sets forth minimum criteria (percentage of assets plus deferred outflows of resources, liabilities plus deferred inflows of resources, revenues or expenditures/expenses of either fund category for the governmental and enterprise combined) for the determination of major funds. The non-major funds are combined in a column in the fund financial statements. The non-major funds are detailed in the combining section of the financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements; however, interfund services provided and used are not eliminated in the process of consolidation.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund level financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, pension and other postemployment benefit obligations, and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, franchise fees, certain other fees and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Fund Accounting

The following major funds are used by the Town:

1. Governmental Funds:

Governmental Funds are those through which most governmental functions of the Town are financed. The acquisition, use and balances of the Town's expendable financial resources and the related liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The measurement focus is on determination of changes in financial position, rather than on net income determination. The following is a description of the major Governmental Funds of the Town:

General Fund is the Town's primary operating fund. This fund is used to account for all financial resources of the general government, except those required to be accounted for in other funds.

Debt Service Fund is used to account for the accumulation of financial resources for the payment of principal, interest and related costs on general obligation long-term debt paid from taxes levied by the Town. This fund is designated as major.

Capital Projects Fund is used to account for the acquisition or construction of capital facilities and improvements except those being financed by proprietary funds.

PID Capital Projects Fund is used to account for the acquisition or construction of capital facilities and improvements relating to the Public Improvement Districts (PIDs) within the Town.

Landscape Fund was established by resolution from Council whereby all funds from lease/rental payments received from broadband and cellular providers is set aside for Streetscape improvements throughout the Town. In particular, funds are used to manage the medians and screening walls along all street thoroughfares.

The Town reports the following non-major governmental funds.

Dedicated Funds accounts for dedicated revenue that is attributed to court operations, motor vehicle and child safety.

Donations Fund accounts for donations made by civic organizations, businesses, and citizens for specific uses which include the library, animal control center, police, and fire departments. Donations are generally for the purchase of equipment.

Forfeitures Fund accounts for fines and forfeiture of property resulting from criminal cases within the boundaries of the Town that have been adjudicated by the State of Texas in District Court.

Street Maintenance Fund is a Special Purpose District that provides 1/4 cent sales and use tax for street maintenance. This was originally approved in 2009 by voters and has since been renewed twice by the citizens of Little Elm. This Special Purpose District was reauthorized by voters on May 1, 2021.

Hotel Occupancy Tax Fund accounts for all hotel occupancy tax collected within the Town. Council amended the Town's Code of Ordinance on May 5, 2020, to include short-term rentals to pay a hotel occupancy tax (7%).

Stormwater Drainage Fund accounts for fees charged for stormwater drainage services.

PEG Fund accounts for fees used to defer the cost of streaming Council meeting videos of all meetings to meet the objective of local government transparency.

Grant Fund accounts for the grant expenditures for emergency activity due to the COVID-19 pandemic and Staffing for Adequate Fire and Emergency Response (SAFER).

Little Elm TIRZ #3 Fund accounts for proceeds and expenditures related to Little Elm Tax Increment Reinvestment Zone Number 3.

Little Elm TIRZ #4 Fund accounts for proceeds and expenditures related to Little Elm Tax Increment Reinvestment Zone Number 4.

Little Elm TIRZ #5 Fund accounts for proceeds and expenditures related to Little Elm Tax Increment Reinvestment Zone Number 5.

Little Elm TIRZ #6 Fund accounts for proceeds and expenditures related to Little Elm Tax Increment Reinvestment Zone Number 6.

Highway 380 MMD Fund accounts for the Town's contributions to the Highway 380 Municipal Management District (MMD).

2. Proprietary Funds:

Proprietary Funds are accounted for using an economic resources measurement focus. The accounting objectives are a determination of net income, financial position, and changes in cash flows. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with a proprietary fund's activities are included on its statement of net position.

The proprietary funds are financed and operated in a manner similar to private business enterprise. The costs (expenses including depreciation/amortization on capital, lease and subscription assets) of providing goods or services to the general public on a continuing basis are financed or recovered primarily through user charges. Periodic determination of revenues earned, expenses incurred, or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The following is a description of the major enterprise funds of the Town:

The Water and Sewer Fund is used to account for the operations of providing water and sewer services to residential and commercial customers.

The Solid Waste Fund is used to account for the collection of trash and recyclables from residential users. This fund is designated as major.

Additionally, the Town reports an Internal Service Fund to account for the financing of goods or services provided by one department to other departments within the Town. The Vehicle Replacements fund is used to account for the acquisition and disposal of vehicles and large dollar equipment for the Town.

3. Fiduciary Funds:

The Town reports the following fiduciary fund:

Public Improvement District (PID) Custodial Fund accounts for bond proceeds, assessments, and related debt associated with the issuance of bonds issued by the Town as the custodian for the Public Improvement Districts within the Town.

Cash and Cash Equivalents

Cash of all funds, excluding the Town's payroll clearing account, medical card account, and certain escrow accounts, is pooled into a common interest-earning bank account in order to maximize investment opportunities. Each fund whose monies are deposited in the pooled cash has equity therein, and interest earned on these monies is allocated based upon relative equity at each month end.

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity date within three months of the date acquired by the Town. The Town may invest in certificates of deposit, authorized investment pools and funds, U.S. Government Securities, commercial paper, and repurchase agreements. Investments purchased with pooled cash, as well as separate investments, are recorded at fair value. The fair value is based on the market price. The fair value of the local government investment pools are the same as the fair value of the pool shares.

Restricted cash and cash equivalents represent donations for specific purposes, restricted grant proceeds attributable to the COVID-19 funds, restricted bond proceeds for capital improvements, and restricted accounts required to be established under the various TIRZ and PID agreements of the Town.

Restricted Assets

Certain proceeds of bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position/balance sheet because their use is limited by applicable bond covenants or contractual agreements.

Inventories and Prepaid Items

Inventory is valued at cost (first-in, first-out). The cost of governmental fund type inventory is recorded as an expenditure when consumed rather than when purchased. Reported inventories are equally offset by non-spendable fund balance, which indicates that they do not constitute "available, spendable resources" even though they are a component of fund balance. Inventories in the Proprietary Funds consist of meters and various supplies.

Prepaid balances are for payments made by the Town for which benefits extend beyond September 30, 2023, and the non-spendable fund balance has been recognized to signify that a portion of fund balance is not available for other subsequent expenditures. The cost of prepaid services is recorded based on when prepaids are consumed rather than when purchased.

Accounts Receivable

Accounts receivable consist primarily of amounts due from citizens for various services provided by the Town as well as property taxes, sales taxes, franchise taxes and amounts due from other governments. Management evaluates the adequacy of the allowance for doubtful accounts based on a review of the aging of accounts and other specific information known by management.

Due from Other Governments

The amount due from other governments represent balances owed to the Town from various governmental agencies for reimbursement of eligible expenditures.

Notes Receivable

The notes receivable represents the balance owed to the EDC from the Town's Water and Sewer fund for costs related to the Utility Acquisition Agreement with Mustang Special Utility District which are to be repaid in accordance with a Chapter 380 Economic Development and Performance Agreement.

Lease Receivable

The Town is a lessor for noncancellable leases of property. The Town recognizes a lease receivable and a deferred inflow of resources in the government-wide, and governmental fund financial statements.

At the commencement of a lease, the Town initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments related to leases include how the Town determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The Town uses the lessee's rate, or the rate disclosed in the agreement. If the rate is not readily available, the Town uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease payments included in the measurement of the lease receivable are composed of fixed payments from the lessee, variable payments from the lessee that are fixed in substance or that depend on an index or a rate, residual value guarantee payments from the lessee that are fixed in substance, and any lease incentives that are payable to the lessee.

The Town monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Capital Assets

Capital assets, which include property, plant, equipment, right to use and subscripton assets, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than $10,000. Such assets are recorded at historical cost. Donated capital assets are recorded at the acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets of the primary government, as well as the component units, are depreciated or amortized using the straight line method over the following estimated useful lives:

Assets	Years
Buildings	20 - 40
Infrastructure	10 - 25
Water and sewer system	40
Improvements other than buildings	7 - 40
Machinery and equipment	3 - 20

Lease Assets

Lease assets are initially recorded at the initial measurement of the lease liability, plus lease payments made at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease, plus initial direct costs that are ancillary to place the asset into service. Lease assets are amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

Subscription Assets

Subscription assets are initially recorded at the initial measurement of the subscription liability, plus subscription payments made at or before the commencement of the subscription-based information technology arrangement (SBITA) term, less any SBITA vendor incentives received from the SBITA vendor at or before the commencement of the SBITA term, plus capitalizable initial implementation costs. Subscription assets are amortized on a straightline basis over the shorter of the SBITA term or the useful life of the underlying IT asset.

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has the following items that qualify for reporting in this category.

- Deferred loss on refunding – A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Pension and OPEB contributions after measurement date – These contributions are deferred and recognized in the following fiscal year.
- Changes in actuarial assumptions and other inputs included in determining the pension and OPEB liability – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.
- Differences between expected and actual economic experience for the Town's pension plan – These effects on the pension liability are deferred and amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees).
- Difference in projected and actual earnings on pension assets – This difference is deferred and amortized over a closed five-year period.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The Town has the following items that qualify for reporting in this category.

- Deferred gain on refunding – A deferred gain on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Differences between expected and actual economic experience for the Town's OPEB plan – These effects on the OPEB liability are deferred and amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees).
- Changes in actuarial assumptions and other inputs included in determining the OPEB liability – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.
- Leases – Represents the initial value of the lease receivable under GASB 87 systematically reduced and recognized as lease revenue over the term of the lease. This deferred inflow is recorded at both the fund level and government-wide financial statements.
- Unavailable revenue – This arises only under a modified accrual basis of accounting. Accordingly, unavailable revenue is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes, court fines and fees, ambulance billing, alarm permit fees and intergovernmental revenues.

Interfund Transactions

During the course of normal operations, the Town has transactions between funds, including expenditures and transfers of resources to provide services, construct assets, and service debt. There is no interest charged between funds for these advances.

Compensated Absences

It is the Town's policy to permit employees to accumulate earned but unused vacation benefits. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

Unearned Revenues

Governmental funds report a liability, unearned revenue, in connection with resources that have been received, but not yet earned, which consists primarily of grant dollars received in advance of incurring eligible expenditures.

Long-term Obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight- line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Lease Liability

The Town is a lessee for noncancellable leases of property and equipment. The Town recognizes a lease liability, reported with long-term debt, and a right to use lease asset (lease asset), reported with capital, lease and subscription assets, in the government wide and proprietary fund financial statements.

At the commencement of a lease, the Town initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight line basis over the shorter of the lease term or its useful life.

Key estimates and judgments related to leases include how the Town determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Town uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Town generally uses its estimated incremental borrowing rate as the discount rate for leases.

- The lease term includes the noncancellable period of the lease.

- Lease payments included in the measurement of the lease liability are composed of fixed payments, variable payments fixed in substance or that depend on an index or a rate, purchase option price that the Town is reasonably certain to exercise, lease incentives receivable from the lessor, and any other payments that are reasonably certain of being required based on an assessment of all relevant factors.

The Town monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Subscription Liability

The Town contracts for noncancellable subscriptions of information technology software. The Town recognizes a subscription liability and an intangible subscription asset (subscription asset) in the government wide financial statements. The Town recognizes subscription liabilities with an initial, individual value of $10,000 or more.

At the commencement of a subscription, the Town measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at or before the subscription commencement date, plus certain initial direct costs. Subsequently, the subscription asset is amortized on a straightline basis over its useful life or subscription term, whichever is shorter.

Key estimates and judgments related to subscriptions include how the Town determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments.

- The Town uses the interest rate charged by the subscription-based information technology arrangement (SBITA) vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, the Town generally uses its estimated incremental borrowing rate as the discount rate for subscriptions.

- The subscription term includes the noncancellable period of the subscription. Subscription payments included in the measurement of the subscription liability are composed of fixed payments and purchase option price that the Town is reasonably certain to exercise.

The Town monitors changes in circumstances that would require a remeasurement of its subscription and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

Subscription assets are reported with capital, lease, and subscription assets and subscription liabilities are reported with long-term liabilities on the statement of net position.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS' Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Denfined Benefit Other Postemployment Benefit Plan (OPEB)

The Town has a single-employer defined benefit other postemployment benefit (OPEB) plan (Plan). For purposes of measuring the total OPEB liability for the Plan, deferred outflows of resources and deferred inflows of resources related to the OPEB plan, and OPEB expense have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms for the Plan.

Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources of governmental and business-type activities, proprietary and fiduciary funds. The government-wide, proprietary, and fiduciary fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted, and unrestricted.

Net Investment in Capital Assets – This amount consists of capital, lease and subscription assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds, notes, and other debt, that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

Restricted Net Position – This amount is restricted by external parties such as creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – This amount is the net position that does not meet the definition of “net investment in capital assets” or “restricted net position.”

Fund Balance Classifications

The Town has adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Government Fund Type Definitions*. The objective of the statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing government fund type definitions.

The statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications, under GASB 54 are Nonspendable, Restricted, Committed, Assigned, and Unassigned. These classifications reflect not only the nature of funds, but also provide clarity to the level of restriction placed upon fund balance. Fund balance can have different levels of constraint, such as external versus internal compliance requirements. Unassigned fund balance is a residual classification within the General Fund. The General Fund should be the only fund that reports a positive unassigned balance.

In all other funds, unassigned is limited to negative residual fund balance.

In accordance with GASB 54, the Town classifies governmental fund balances as follows:

- Nonspendable: includes amounts that are not in a spendable form or are legally or contractually required to be maintained intact.
- Restricted: includes amounts that can be spent only for the specific purposes stipulated by external resource providers either constitutionally or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- Committed: includes amounts that can be used only for the specific purposes determined by a formal action of the Town's highest level of decision making authority, which is the Town Council. The formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is an ordinance adopted by the Town Council. The ordinance must either adopt or rescind the commitment, as applicable, prior to the last day of the fiscal year for which the commitment is made. The amount subject to the constraint may be determined in the subsequent period.
- Assigned: includes amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used by the Town for specific purposes. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. The Town Council has authorized the Town Manager or his or her designee as the official authorized person to assign fund balance to a specific purpose as approved by the fund balance policy.
- Unassigned fund balance: is the residual classification of the General Fund and includes all amounts not contained in other classifications. Unassigned amounts are technically available for any purpose.

Fund Balance and Net Position Assumption Flows

When an expenditure is incurred for purposes for which both restricted and unrestricted net position/fund balance is available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

Minimum Fund Balance Policy

It is the goal of the Town to achieve and maintain an unassigned fund balance in the General Fund equal to 25% of the budgeted expenditures in the General Fund for unanticipated expenditures, unforeseen revenue fluctuations, or other adverse circumstances. The fund balance level may be reduced to the equivalent of 15% of budgeted expenditures in unusual financial circumstances. If such a situation should occur, the Town will implement necessary corrective action with a three-year plan to restore the unassigned fund balance to the equivalent of 25% of budgeted expenditures. Current reserve levels are in excess of 81% of budgeted expenditures.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the Town’s management to make estimates and assumptions that effect reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources at the date of the financial statements and the reported changes in net position during the reporting period. Actual results may differ from those estimates.

Adoption of New Accounting Standards

During fiscal year 2023, the Town adopted the following GASB standards:

GASB Statement No. 91, *Conduit Debt Obligations*. This standard clarifies the definition of conduit debt and provides a single method of reporting these obligations (disclosure only). This standard provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosures. The adoption of this standard had no impact on the Town.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. This standard addresses the gap in current accounting guidance related to public-private and public-public partnerships (both referred to as PPPs) that do not meet the definition of a service concession arrangement. The adoption of this standard had no impact on the Town.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The implementation of this standard establishes a single model for subscription-based information technology arrangements (SBITAs) accounting based on the principle that contracts are financings of the right to use an underlying information technology software asset. The standard requires recognition of certain right-to-use subscription assets and subscription liabilities. As a result of implementing this standard, the Town recognized right-to-use subscription assets and liabilities. The adoption of this standard had no impact on beginning net position. The additional disclosures required by this standard are included in *Note 5* and *Note 8*.

Future Financial Reporting Requirements

The GASB has issued the following potentially significant statements which the Town has not yet adopted, and which require adoption subsequent to September 30, 2023. The Town will evaluate the potential impact on the Town's net position.

Statement No.	Title	Adoption Required
100	*Accounting Changes and Error Correction*	September 30, 2024
101	*Compensated Absences*	September 30, 2025
102	*Certain Risk Disclosures*	September 30, 2025

Note 2. Cash and Investments

The Town has adopted an investment policy pursuant to Chapter 2256 of the Texas Government Code, which authorizes the Town's investments in United States government obligations and its agencies, obligations of Texas and its agencies, fully collateralized repurchase agreements, prime domestic commercial paper, prime domestic bankers' acceptances, government pools, and money market funds. The Town selects its investments based on safety, liquidity, yield, and public trust.

The EDC can invest in obligations of the United States Treasury, the State of Texas, certain United States Agencies, certificates of deposit, money market savings accounts, certain municipal securities, repurchase agreements, common trust funds, and other investments specifically allowed by the Public Funds Investment Act of 1987 (Article 842a-2 Vernon's Civil Statutes).

At year end, the carrying amount of the Town's deposits was $102,560,539 and the bank balance was $103,622,996. The bank balance was completely covered by federal deposit insurance and collateral held by the pledging financial institution in the Town's name.

Cash and investments as of September 30, 2023 consist of and are classified in the accompanying financial statements as follows:

Statement of net position	
Primary Government	
Cash and cash equivalents	$ 64,287,422
Investments	58,761,229
Restricted cash and cash equivalents	14,203,403
Restricted investments	22,427,965
Fiduciary Fund	
Cash and cash equivalents	16,583,469
Component Units	
Cash and cash equivalents	7,488,105
Investments	370,925
Total cash and investments	$ 184,122,518
Cash on hand	$ 1,860
Deposits with financial institutions	102,560,539
Investments	81,560,119
Total cash and investments	$ 184,122,518

The table below identifies the investment types that are authorized for the Town by the Public Funds Investment Act. (Government Code Chapter 2256) The table also identifies certain provisions of the Town's investment policy that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
U.S. Treasury obligations	5 years	None	None
U.S. Agency obligations	5 years	None	None
Certificates of deposit	5 years	None	None
Direct repurchase agreements	5 years	None	None
No-load money market mutual funds	5 years	None	None
Direct obligations of State of Texas	5 years	None	None
Investment pools	5 years	None	None

Disclosures relating to credit risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. Investing is performed in accordance with investment policies adopted by the Town Council in compliance with the Public Funds Investment Act (PFIA).

Town investment policy and the PFIA generally permit the Town to invest in FDIC insured or fully collateralized certificates of deposit, fully collateralized repurchase agreements, public funds investment pools, obligations of the United States of America or its agencies, direct obligations of the State of Texas and obligations of agencies, counties, cities, and other political subdivisions of Texas having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than "A" or its equivalent. During the year ended September 30, 2023, the Town did not own any types of securities other than those permitted by the Town investment policy or the PFIA.

Concentration of credit risk

The Town's investment policy is to avoid a concentration of assets in a specific maturity, a specific issue, or a specific class of investments.

Custodial credit and interest rate risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Public Funds Investment Act does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The Public Funds Investment Act requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least the bank balance less the FDIC insurance at all times.

The Town requires all deposits to be covered by Federal Depository Insurance Corporation (FDIC) insurance and/or collateralized by qualified securities pledged by the Town's depository in the Town's name and held by the depository's agent. As of September 30, 2023 the Town and its discretely presented component units' deposits with financial institutions in excess of federal depository insurance limits were fully collateralized.

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. GASB Statement No. 72, *Fair Value Measurement and Application*, provides a framework for measuring fair value which establishes a three-level fair value hierarchy that describes the inputs that are used to measure assets and liabilities.

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 inputs are inputs—other than quoted prices included within Level 1—that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates.

In accordance with its investment policy, the Town manages its exposure to declines in fair value by limiting the weighted average maturity of its non-bond proceed investments to no more than nine months.

The Town has recurring fair value measurements as presented in the table below. The Town's investment balances and weighted average maturity of such investments are as follows:

U.S. Treasury Notes classified as level 1 are valued using prices quoted in active markets for those securities. Negotiable certificates of deposit are held with a financial investment institution and are bought and sold as part of the Town's investment portfolio. Negotiable certificates of deposit are measured at fair value with level 2 inputs. U.S. Government Securities reported as level 2 are valued using a matric pricing technique. Matrix pricing is used to value securities' relationship to benchmark quoted prices.

		Fair Value Measurements Using				
	Value at September 30, 2023	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Percent of Total Investments	Weighted Average Maturity (Days)
Investments not subject to fair value						
Investment pools						
TexPool	$ 7,918,896	$ -	$ -	$ -	9.71%	24
TexPool Prime	7,676,196	-	-	-	9.41%	24
LOGIC	22,267,176	-	-	-	27.30%	19
Subject to fair value level						
Marketable equity securities						
U.S. Treasury Notes	9,697,072	9,697,072	-	-	11.89%	221
U.S. Agency Bonds	21,883,372	-	21,883,372	-	26.83%	316
Negotiable certificate of deposits	12,117,407	-	12,117,407	-	14.86%	315
Total value	$ 81,560,119	$ 9,697,072	$ 34,000,779	$ -		

Investment in State Investment Pools

The Town is a voluntary participant in three investment pools: TexPool, TexPool Prime, and LOGIC. It is noted that investment pools are not subject to the fair value hierarchy.

The State Comptroller of Public Accounts exercises responsibility over TexPool and TexPool Prime. This oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and TexPool Prime and other persons who do not have a business relationship with TexPool or TexPool Prime. TexPool and TexPool Prime operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. TexPool and TexPool Prime use amortized costs rather than market value to report net position to compute share prices. Accordingly, the fair value of the position in TexPool and TexPool Prime is the same as the value of TexPool and TexPool Prime shares.

LOGIC investment pool is an external investment pool measured at net asset value. Its strategy is to seek preservation of principal, liquidity and current income through investment in a diversified portfolio of short-term marketable securities. LOGIC has redemption notice period of one day and may redeem daily. The pool's authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium or national or state emergency that affects the pool's liquidity.

Note 3. Property Taxes

Taxes are levied on October 1 and are payable until January 31 without penalty. Property taxes attach as an enforceable lien on property as of January 1. The total assessed value upon which the fiscal year 2023 (2022 tax) levy was based on $6,417,567,455. Such assessed value was computed based on 100% appraised values.

Article XI, Section 5 of the Texas Constitution allows a tax rate up to $2.50 per $100 valuation. Further, Section 8.03B of the Town's Home-Rule Charter provides that the "Town Council shall have the power, and is hereby authorized to levy, assess, and collect annual taxes not to exceed the maximum limit set by the Constitution and laws of the State of Texas, as they now exist or as they may be amended, on each one hundred dollars ($100.00) assessed valuation". The combined tax rate to finance general governmental service and debt service for the year ended September 30, 2023 was $0.629900 per $100 of assessed valuation. Current tax collections for the year ended September 30, 2023 were approximately 99.11% of the tax levy.

Note 4. Receivables

Receivables as of year-end for the government's individual major funds, non-major funds in the aggregate and discretely presented component units, including the applicable allowances for uncollectible accounts as of September 30, 2023 are as follows:

	Governmental Activitites						
	General Fund	Debt Service	Capital Projects	Landscape Fund	Nonmajor Funds	Internal Service Fund	Total
Ad valorem taxes	$ 232,765	$ 62,035	$ -	$ -	$ -	$ -	$ 294,800
Sales taxes	1,365,641	-	-	-	366,331	-	1,731,972
Court	1,703,696	-	-	-	-	-	1,703,696
Ambulance	1,320,077	-	-	-	-	-	1,320,077
Storm drainage	-	-	-	-	260,456	-	260,456
Franchise fees	1,204,611	-	-	-	-	-	1,204,611
Leases	635,198	-	-	3,843,901	-	-	4,479,099
Other	1,164,502	120,313	86,232	14,792	-	31,476	1,417,315
Gross receivables	7,626,490	182,348	86,232	3,858,693	626,787	31,476	12,412,026
Less: allowances	(2,672,363)	(4,184)	-	-	(23,484)	-	(2,700,031)
Net total receivables	$ 4,954,127	$ 178,164	$ 86,232	$ 3,858,693	$ 603,303	$ 31,476	$ 9,711,995

	Enterprise Funds (Business-Type Activities)		
	Water and Sewer	Solid Waste	Total
Customer accounts	$ 3,892,072	$ 284,356	$ 4,176,428
Note receivable	200,000	-	200,000
Other	310,464	69,732	380,196
Gross receivables	4,402,536	354,088	4,756,624
Less: allowances	(588,922)	(42,780)	(631,702)
Net total receivables	$ 3,813,614	$ 311,308	$ 4,124,922

	Component Units		
	EDC	CDC	Total
Sales taxes	$ 682,820	$ 344,607	$ 1,027,427
Other	29,529	-	29,529
Total receivables	$ 712,349	$ 344,607	$ 1,056,956

Leases Receivable

The Town and EDC are lessors for non-cancellable leases of the right-to-use of land, buildings and infrastructure. The Town's leases have interest rates that range from 0.000% to 1.882% annually and terms that range from 15 to 42 years. The Town has $4,479,099 remaining in leases receivable and $4,362,756 of deferred inflows of resources as of September 30, 2023. The Town recorded $233,737 of lease revenue, including interest, during the fiscal year. EDC has $8,836,796 of leases receivable remaining and $8,351,723 of deferred inflows of resources as of September 30, 2023. EDC's leases have interest rates that range from 1% to 3.489% annually and terms that range from 10 to 50 years. EDC recorded $640,441 in lease revenue, including interest during the fiscal year.

As of September 30, 2023, the expected lease receipts through the expiration of all leases are as follows:

Leases Receivable

Fiscal Year Ending September 30,	Governmental activities - Town			EDC		
	Principal	Interest	Total	Principal	Interest	Total
2024	$ 182,207	$ 50,742	$ 232,949	$ 571,829	$ 234,296	$ 806,125
2025	189,454	48,225	237,679	591,526	215,007	806,533
2026	196,964	45,865	242,829	611,488	195,045	806,533
2027	204,746	43,386	248,132	632,139	174,394	806,533
2028	212,814	40,784	253,598	653,502	153,030	806,532
2029-2033	1,195,583	160,283	1,355,866	2,348,294	456,199	2,804,493
2034-2038	1,177,456	77,045	1,254,501	376,394	306,711	683,105
2039-2043	329,381	38,011	367,392	413,456	269,649	683,105
2044-2048	284,154	28,846	313,000	454,168	228,937	683,105
2049-2053	288,187	21,813	310,000	498,888	184,217	683,105
2054-2058	113,883	14,117	128,000	487,253	135,852	623,105
2059-2063	94,336	5,664	100,000	439,690	93,415	533,105
2064-2068	9,934	70	10,004	482,965	50,140	533,105
2069-2072	-	-	-	275,204	8,256	283,460
Total	$ 4,479,099	$ 574,851	$ 5,053,950	$ 8,836,796	$ 2,705,148	$ 11,541,944

Financed Purchase Receivable

EDC leases certain Corporation-owned property to a company for use in its business. The lease is classified as a financed purchase and expires in 2043. Due to the transfer of ownership at the end of the lease, it is not classified as a lease under GASB 87. The following are the components of the EDC's net investment in direct financing leases and reported as financed purchases receivable as of September 30, 2023:

Total minimum lease payments to be received	$ 3,866,097
less: unearned interest income	(1,344,753)
Net investment in direct financing lease	$ 2,521,344

As of September 30, 2023, minimum lease payments to be received are as follows:

Fiscal Year	Amount
2024	$ 205,559
2025	205,559
2026	205,559
2027	205,559
2028	205,559
2029 - 2033	1,027,797
2034 - 2038	1,027,797
2039 - 2043	782,708
	$ 3,866,097

Note 5. Capital, Lease and Subscription Assets

Capital, lease and subscription asset activity for the year ended September 30, 2023 was as follows:

	Beginning Balance*	Increases	Decreases	Transfers	Ending Balance
Governmental activities					
Capital assets not being depreciated/amortized					
Land	$ 10,210,630	$ -	$ -	$ -	$ 10,210,630
Construction in progress	27,982,462	37,876,047	-	(963,458)	64,895,051
Total capital assets, not being depreciated	38,193,092	37,876,047	-	(963,458)	75,105,681
Capital, lease and subscription assets being depreciated/amortized					
Infrastructure	183,414,570	16,443,931	-	963,458	200,821,959
Buildings	64,191,100	-	-	-	64,191,100
Improvements other than buildings	28,260,344	42,240	-	-	28,302,584
Machinery and equipment	22,276,906	3,017,169	(393,932)	-	24,900,143
Lease equipment	24,206	115,798	-	-	140,004
Subscription assets	566,408	276,395	-	-	842,803
Total capital, lease and subscription assets being depreciated/amortized	298,733,534	19,895,533	(393,932)	963,458	319,198,593
Less accumulated depreciation/amortization for					
Infrastructure	58,551,478	5,072,654	-	-	63,624,132
Buildings	9,579,080	1,603,949	-	-	11,183,029
Improvements other than buildings	10,313,025	1,914,348	-	-	12,227,373
Machinery and Equipment	12,827,744	2,296,403	(297,879)	-	14,826,268
Lease equipment	7,127	21,560	-	-	28,687
Subscription assets	-	242,362	-	-	242,362
Total accumulated depreciation/amortization	91,278,454	11,151,276	(297,879)	-	102,131,851
Total capital, lease and subscription assets being depreciated/amortized, net	207,455,080	8,744,257	(96,053)	963,458	217,066,742
Governmental activities capital, lease and subscription assets, net	$ 245,648,172	$ 46,620,304	$ (96,053)	$ -	$ 292,172,423

*Beginning balance amounts have been restated for GASB 96

	Beginning Balance*	Increases	Decreases	Transfers	Ending Balance
Business-type activities					
Capital assets not being depreciated					
Land	$ 1,639,066	$ -	$ -	$ -	$ 1,639,066
Construction in progress	12,670,552	8,769,436	-	-	21,439,988
Total capital assets, not being depreciated	14,309,618	8,769,436	-	-	23,079,054
Capital and subscription assets being depreciated/amortized					
Buildings	2,229,206	-	-	-	2,229,206
Water system improvements	54,008,261	2,212,512	-	-	56,220,773
Sewer system improvements	48,612,936	1,367,548	-	-	49,980,484
Machinery and equipment	4,140,505	424,330	(126,440)	-	4,438,395
Subscription assets	387,554	276,394	-	-	663,948
Total capital assets being depreciated	109,378,462	4,280,784	(126,440)	-	113,532,806
Less accumulated depreciation/ amortization for					
Buildings	327,084	53,404	-	-	380,488
Water system improvements	15,788,779	1,745,790	-	-	17,534,569
Sewer system improvements	13,785,960	1,234,497	-	-	15,020,457
Machinery and equipment	2,481,091	426,820	(126,440)	-	2,781,471
Subscription assets	-	162,248	-	-	162,248
Total accumulated depreciation/amortization	32,382,914	3,622,759	(126,440)	-	35,879,233
Total capital and subscription assets being depreciated/ amortized, net	76,995,548	658,025	-	-	77,653,573
Business-type activities capital and subscription assets, net	$ 91,305,166	$ 9,427,461	$ -	$ -	$ 100,732,627

*Beginning balance amounts have been restated for GASB 96

Depreciation and amortization expense was charged to functions/programs of the primary government as follows:

Governmental activities	
General government	$ 475,713
Public safety	5,136,731
Public works	1,728,672
Culture and recreation	2,699,649
Internal service fund	1,110,511
	$ 11,151,276
Business-type activities	
Solid Waste	$ 49,063
Water and Sewer	3,573,696
	$ 3,622,759

Capital asset activities of the discretely presented component units are as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Component units					
Capital assets not being depreciated					
Land	$ 11,856,731	$ -	$ (405,284)	$ -	$ 11,451,447
Total capital assets, not being depreciated	11,856,731	-	(405,284)	-	11,451,447
Capital assets being depreciated					
Buildings	8,315,487	-	-	-	8,315,487
Total capital assets being depreciated	8,315,487	-	-	-	8,315,487
Less accumulated depreciation for					
Buildings	71,965	44,910	-	-	116,875
Total accumulated depreciation	71,965	44,910	-	-	116,875
Total capital assets being depreciation, net	8,243,522	(44,910)	-	-	8,198,612
Component unit capital assets, net	$ 20,100,253	$ (44,910)	$ (405,284)	$ -	$ 19,650,059

Note 6. Interfund Activity

Transfers are used to provide funds for debt service, contributions for capital construction, cost allocations and other operational costs as determined by the Town's annual budget. Transfers between funds during the year were as follows:

Transfer In	Transfer Out	Amount	Purpose
Capital Projects Fund	General Fund	$ 3,700,000	Funding for governmental capital projects
Capital Projects Fund	Non-major Governmental Fund	1,100,000	Funding for governmental capital projects
General Fund	Water and Sewer Fund	1,959,802	Funding for operating costs
General Fund	Solid Waste	175,000	Transfer for operating costs
General Fund	Non-major Governmental Fund	185,524	Transfer for operating costs
Landscape Fund	Solid Waste Fund	391,000	Transfer for operating costs
Water and Sewer Fund	PID Capital Projects Fund	5,217,586	Transfer for capital projects
		$ 12,728,912	

During a fiscal year, interfund receivables and payables arise. Interfund payables are expected to be paid within the following year. The following were receivable and payable as of September 30, 2023:

Receivable	Payable	Amount	Purpose
General Fund	Non-major Governmental Fund	$ 517,323	Funds owed for allocation of restricted purposes
Non-major Governmental Fund	General Fund	5,116	Funds owed for allocation of restricted purposes
Solid Waste Fund	Water and Sewer Fund	54	Funds owed for allocation of restricted purposes
Solid Waste Fund	Non-major Governmental Fund	1,505	Funds owed for allocation of restricted purposes
		$ 523,998	

Note 7. Deferred Inflows of Resources

Governmental funds report deferred inflows of resources in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, the various components of these deferred inflows of resources reported in the governmental funds were as follows:

	General Fund	Debt Service Fund	Capital Projects Fund	Landscape Fund	Total
Property taxes	$ 246,250	$ 67,410	$ -	$ -	$ 313,660
Grants	-	-	257,765	-	257,765
Court fines	51,644	-	-	-	51,644
Ambulance	175,746	-	-	-	175,746
Leases	626,481	-	-	3,736,275	4,362,756
Other	81,491	-	-	-	81,491
Total	$ 1,181,612	$ 67,410	$ 257,765	$ 3,736,275	$ 5,243,062

Note 8. Long-Term Debt

The Town of Little Elm issues general obligation bonds and certificates of obligation to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities.

Changes in Long-term Liabilities

The following is a summary of changes in long-term debt for the year ended September 30, 2023:

	Beginning Balance*	Additions	Reductions	Ending Balance	Amount Due within One Year
Governmental activities					
General obligation bonds	$ 15,400,000	$ -	$ (2,390,000)	$ 13,010,000	$ 2,300,000
Certificates of obligation	56,090,000	-	(3,360,000)	52,730,000	2,595,000
Unamortized bond premium	4,415,609	-	(340,283)	4,075,326	-
Compensated absences	3,417,665	2,054,383	(2,347,215)	3,124,833	2,819,732
Net Pension Liability	3,306,573	9,900,033	(3,017,827)	10,188,779	-
OPEB	548,846	-	(172,486)	376,360	-
Lease liabilities	17,058	115,798	(20,003)	112,853	46,007
Subscription liabilities	566,408	-	(207,648)	358,760	121,266
	83,762,159	12,070,214	(11,855,462)	83,976,911	7,882,005
Business-type activities					
General obligation bonds	13,865,000	-	(1,440,000)	12,425,000	1,490,000
Certificates of obligation	25,495,000	-	(1,555,000)	23,940,000	1,610,000
Unamortized bond premium	2,127,508	-	(170,856)	1,956,652	-
Compensated absences	293,393	281,736	(281,174)	293,955	33,814
Note payable to EDC	300,000	-	(100,000)	200,000	100,000
Net Pension liability	306,799	901,365	(276,070)	932,094	-
OPEB	50,925	-	(16,008)	34,917	-
Subscription liabilities	387,554	-	(88,866)	298,688	88,562
	42,826,179	1,183,101	(3,927,974)	40,081,306	3,322,376
Total Primary Government	$ 126,588,338	$ 13,253,315	$ (15,783,436)	$ 124,058,217	$ 11,204,381
Component Units					
Notes payable - EDC	$ 17,432,587	$ -	$ (837,257)	$ 16,595,330	$ 1,085,826
Compensated absences	71,202	49,653	(2,123)	118,732	4,010
	$ 17,503,789	$ 49,653	$ (839,380)	$ 16,714,062	$ 1,089,836

*Beginning balance amounts have been restated for GASB 96

Long-term debt of the Town is comprised of the following individual issues as of September 30, 2023:

Certificates of Obligation	Outstanding Governmental	Due in one year	Outstanding Business-Type	Due in one year
$6,000,000 Series 2012 Combination Tax and Revenue Certificates of Obligation due in annual installments of $280,000 to $495,000 through August 2027, plus interest at 2.00% to 2.38%	$ -	$ -	$ 1,890,000	$ 450,000
6,000,000 Series 2013A Combination Tax and Revenue Certificates of Obligation due in annual installments of $150,000 to $335,000 through August 2028, plus interest at 1.50% to 3.00%	3,415,000	295,000	-	-
$3,000,000 Series 2013A Combination Tax and Revenue Certificates of Obligation due in annual installments of $130,000 to $210,000 through August 2033, plus interest at 1.50% to 3.50%	1,765,000	150,000	-	-
$9,966,000 Series 2015 Combination Tax and Revenue Certificates of Obligation due in annual installments of $275,000 to $630,000 through August 2036, plust interest at 2.00% to 3.50%	6,825,000	440,000	-	-
$7,640,000 Series 2016 Combination Tax and Revenue Certificates of Obligation due in annual installments of $205,000 to $510,000 through August 2036, plus interest at 2.00% to 5.00%	-	-	5,590,000	360,000
$11,830,000 Series 2017 Combination Tax and Limited Pledge Revenue Certificates of Obligation due in annual installments of $450,000 to $770,000 through August 2037, plus interest at 3.00% to 5.00%	-	-	8,885,000	505,000
$9,966,000 Series 2018 Combination Tax and Revenue Certificates of Obligation due in annual installments of $440,000 to $2,000,000 through August 2038, plus interest at 3.00% to 5.00%	10,425,000	510,000	-	-
$6,640,000 Series 2019 Combination Tax and Revenue Certificates of Obligation due in annual installments of $235,000 to $440,000 through February 2039, plus interest at 1.18% to 2.75%	5,645,000	255,000	-	-
$4,085,000 Series 2020 Combination Tax and Revenue Certificates of Obligation due in annual installments of $160,000 to $250,000 through February 2040, plus interest at 2.00% to 2.37%	3,580,000	170,000	-	-

Certificates of Obligation	Outstanding Governmental	Due in one year	Outstanding Business-Type	Due in one year
$21,765,000 Series 2021 Combination Tax and Revenue Certificates of Obligation due in annual installments of $805,000 to $1,400,000 through August 2041, plus interest at 2.00% to 5.00%	12,625,000	490,000	7,575,000	295,000
$9,560,000 Series 2022 Combination Tax and Revenue Certificates of Obligation due in annual installments of $285,000 to $1,110,000 through August 2042, plus interest at 4.00% to 5.00%	8,450,000	285,000	-	-
	$ 52,730,000	$ 2,595,000	$ 23,940,000	$ 1,610,000

General Obligation Bonds	Outstanding Governmental	Due in one year	Outstanding Business-Type	Due in one year
$2,735,000 Series 2012A General Obligation due in annual installments of $130,000 to $210,000 through September 2027, plus interest at 2.09%	$ 825,000	$ 200,000	$ -	$ -
$6,985,000 Series 2012 Combination Tax and Revenue Refunding General Obligation due in annual installments of $300,000 to $700,000 through August 2024, plus interest at 2.00% to 3.00%	-	-	300,000	300,000
$3,040,000 Series 2013 General Obligation Refunding Bonds due in annual installments of $205,000 to $525,000 through September 2025, plus interest at 2.00% to 2.50%	-	-	760,000	235,000
$4,550,000 Series 2014 General Obligation Refunding Bonds due in annual installments of $235,000 to $375,000 through August 2029, plus interest at 2.00% to 4.00%	910,000	140,000	1,140,000	185,000
$6,725,000 Series 2016 General Obligation Refunding Bonds due in annual installments of $375,000 to $735,000 through August 2027, plus interest at 2.00% to 5.00%	2,520,000	695,000	-	-
$13,645,000 Series 2017 General Obligation Refunding Bonds due in annual installments of $10,000 to $1,090,000 through September 2025, plus interest at 3.00% to 5.00%	-	-	10,225,000	770,000

General Obligation Bonds	Outstanding Governmental	Due in one year	Outstanding Business-Type	Due in one year
$7,320,000 Series 2019 General Obligation Refunding Bonds due in annual installments of $525,000 to $880,000 through August 2029, plus interest at 1.60% to 2.20%	4,825,000	725,000	-	-
$5,725,000 Series 2020 General Obligation Refunding Bonds due in annual installments of $720,000 to $535,000 through September 2030, plus interest at 2.00% to 1.77%	3,930,000	540,000	-	-
	$ 13,010,000	$ 2,300,000	$ 12,425,000	$ 1,490,000

The annual aggregate maturities for each debt type are as follows:

General Obligation Bonds

Fiscal Year Ending September 30,	Governmental Activities Principal	Interest	Total	Business-Type Activities Principal	Interest	Total
2024	$ 2,300,000	$ 296,106	$ 2,596,106	1,490,000	417,806	$ 1,907,806
2025	2,375,000	238,994	2,613,994	1,515,000	367,756	1,882,756
2026	2,435,000	186,594	2,621,594	1,030,000	317,950	1,347,950
2027	2,120,000	132,736	2,252,736	1,070,000	277,725	1,347,725
2028	1,580,000	83,530	1,663,530	1,115,000	234,925	1,349,925
2029-2033	2,200,000	51,738	2,251,738	5,115,000	638,125	5,753,125
2034	-	-	-	1,090,000	34,063	1,124,063
Total	$ 13,010,000	$ 989,698	$ 13,999,698	$ 12,425,000	$ 2,288,350	$ 14,713,350

Certificates of Obligation

Fiscal Year Ending September 30,	Governmental Activities Principal	Interest	Total	Business-Type Activities Principal	Interest	Total
2024	2,595,000	1,806,763	$ 4,401,763	1,610,000	746,565	$ 2,356,565
2025	2,705,000	1,705,188	4,410,188	1,670,000	692,815	2,362,815
2026	2,810,000	1,594,038	4,404,038	1,745,000	626,085	2,371,085
2027	2,920,000	1,491,213	4,411,213	1,795,000	573,395	2,368,395
2028	3,050,000	1,365,538	4,415,538	1,345,000	519,888	1,864,888
2029-2033	17,165,000	4,898,874	22,063,874	7,425,000	1,888,909	9,313,909
2034-2038	15,575,000	2,082,264	17,657,264	6,800,000	664,607	7,464,607
2039-2042	5,910,000	329,181	6,239,181	1,550,000	66,894	1,616,894
Total	$ 52,730,000	$ 15,273,059	$ 68,003,059	$ 23,940,000	$ 5,779,158	$ 29,719,158

Lease Liabilities

The Town has entered into multiple lease agreements as lessee for the right-to-use equipment over the term of the lease. The Town is required to make periodic payments at its effective interest rate or the interest rate stated or implied within the leases. The Town's lease agreements incur interest at rates ranging from 0.328% to 2.363% annually; all of which are accounted for within the governmental activities. Such arrangements range from 3 to 4 years in length.

The future principal and interest payments for lease liabilites as of September 30, 2023, are as follows:

Fiscal Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2024	$ 46,007	$ 2,042	$ 48,049
2025	43,044	1,081	44,125
2026	23,802	188	23,990
Total	$ 112,853	$ 3,311	$ 116,164

Subscription Liabilities

The Town has subscription IT arrangements to conduct its operations, the terms of which expire 2024 through 2027. The measurement of the subscription liabilities is based on the present value of subscription payments expected to be paid during the subscription term, such as fixed payments, variable payments that depend on an index or rate, variable payments that are fixed in substance, residual value guarantee payments that are fixed in substance, and any subscription incentives payable.

An initial subscription liability was recorded for in the amount of $566,408 and $387,554 during fiscal year 2023 for Governmental Activities and Business-Type Activities, respectively. As of September 30, 2023, the value of the subscription liabilities was $358,760 and $298,688 for Governmental Activities and Business-Type Activities, respectively. An incremental borrowing rate of 3.1440 percent to 3.2687 percent was used to measure subscription liabilities. The value of the right-to-use subscription assets as of September 30, 2023 for Governmental Activities was $842,803 and had accumulated amortization of $242,362. The value of the right-to-use subscription assets as of September 30, 2023 for Business-Type Activities was $663,948 and had accumulated amortization of $162,248 .

The future principal and interest payments for subscritpion liabilities as of September 30, 2023, are as follows:

Fiscal Year Ending September 30,	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2024	121,266	10,629	$ 131,895	88,562	8,685	$ 97,247
2025	117,128	6,642	123,770	91,492	5,754	97,246
2026	96,251	2,784	99,035	94,519	2,727	97,246
2027	24,115	197	24,312	24,115	197	24,312
Total	$ 358,760	$ 20,252	$ 379,012	$ 298,688	$ 17,363	$ 316,051

Note Payable

On December 15, 2015, the Town Council approved an Interlocal Chapter 380 Economic Development Program and Performance Agreement between the Town of Little Elm and the Little Elm EDC for payments related to the Utility Acquisition Agreement with Mustang Special Utility District (SUD). Mustang SUD agreed to purchase the system and assume the contracts for a cash consideration of $1,000,000 which is to be paid to the Little Elm EDC in ten equal yearly payments of $100,000 with the first installment payment to the Little Elm EDC to occur on July 1, 2016. The Town also covenants and agrees to pay to the Little Elm EDC the ten equal yearly payments. Accordingly a note payable / receivable has been recorded between the Town and Little Elm EDC. The remaining balance as of September 30, 2023 was $200,000.

Compensated Absences

Substantially all vacation and sick leave are paid by the General Fund.

Discretely Presented Component Units – Economic Development Corporation

Notes payable of the Little Elm Economic Development Corporation as of September 30, 2023 are as follows:

Payee	Description	Ending Balance at 9/30/2023
Government Capital Corporation	$7,593,750 payable to Corporation, made April 15, 2021, payable in semi-annual installments of $48,828 starting November 15, 2021 through May 15, 2023, then $132,092 through May 15, 2041, including interest at 2.57%	$ 7,510,485
Government Capital Corporation	$6,659,559, payable to Corporation, made June 23, 2020, payable in semi-annual installments of $337,252 starting September 15, 2020 through September 15, 2031, including interest at 2.75%	4,814,181
Southside Bank	$2,543,750, payable to bank, made January 2015, payable in semi-annual installments of $87,965 through November 15, 2034, including interest including interest at 3.4%	1,637,279
Southside Bank	$3,048,000 payable to bank, originally made July 13, 2017 and refinanced on July 13, 2021, payable in quarterly installments of $44,507, through to final payment January 13, 2043, including interest at 2.947%	2,633,385
		$ 16,595,330

Annual debt service requirements for the Economic Development Corporation loans are as follows:

Year	Principal	Interest	Total
2024	$ 1,085,826	$ 429,581	$ 1,515,407
2025	1,242,439	399,910	1,642,349
2026	1,172,906	369,443	1,542,349
2027	1,204,192	338,158	1,542,350
2028	1,236,316	306,034	1,542,350
2029-2033	5,317,370	1,045,368	6,362,738
2034-2038	3,263,153	511,004	3,774,157
2039-2043	2,073,128	107,949	2,181,077
Total	$ 16,595,330	$ 3,507,447	$ 20,102,777

Note 9. Pension Plan

Plan Description

The Town participates as one of over 920 plans in the defined benefit cash-balance plan administered by the Texas Municipal Retirement System (TMRS). TMRS is a statewide public retirement plan created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees; however, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available Annual Comprehensive Financial Report (Annual Report) that can be obtained at tmrs.com.

All eligible employees of the Town are required to participate in TMRS.

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the Town, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the Town-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

At the date the plan began, the Town granted monetary credits for service rendered before the plan began of a theoretical amount at least equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are a percent (100%, 150%, or 200%) of the employee's accumulated contributions. In addition, the Town can grant, as often as annually, another type of monetary credit referred to as an updated service credit which is a theoretical amount which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and Town matching percent had always been in existence and if the employee's salary had always been the average of his salary in the last three years that are one year before the effective date. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer-financed monetary credits with interest were used to purchase an annuity.

Members can retire at ages 60 and above with 5 or more years of service or with 20 years of service. A member is vested after 5 years. The plan provisions are adopted by the governing body of the Town, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes.

At the December 31, 2022 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	77
Inactive employees entitled to but not yet receiving benefits	218
Active employees	302
	597

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the Town matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the Town. Under the state law governing TMRS, the contribution rate for each Town is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the Town were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the Town were 13.76% and 13.28% in calendar years 2022 and 2023, respectively. The Town's contributions to TMRS for the year ended September 30, 2023 were $3,542,445, and were equal to the required contributions.

The Town's Net Pension Liability (NPL) was measured as of December 31, 2022 and the Total Pension Liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of that date.

Actuarial Assumptions:

The Total Pension Liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	2.75% per year
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees are used with a four-year set-forward for males and a three-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a

recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive).

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Public Equity	35.0%	7.70%
Core Fixed Income	6.0%	4.90%
Non-Core Fixed Income	20.0%	8.70%
Other Public and Private Markets	12.0%	8.10%
Real Estate	12.0%	5.80%
Hedge Funds	5.0%	6.90%
Private Equity	10.0%	11.80%
Total	100.0%	

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Allocations

The Town's net pension liability, pension expense, and deferred outflows of resources related to TMRS have been allocated between governmental activities and business-type activities using a contribution- based method.

Changes in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance at December 1, 2021	$ 57,562,878	$ 53,949,506	$ 3,613,372
Changes for the year			
Service cost	4,284,588	-	4,284,588
Interest	3,988,084	-	3,988,084
Change of benefit terms	-	-	-
Difference between expected and actual experience	261,388	-	261,388
Contributions - employer	-	3,297,312	(3,297,312)
Contributions - employee	-	1,677,412	(1,677,412)
Net investment income	-	(3,954,752)	3,954,752
Benefit payments, including refunds of employee contributions	(1,244,899)	(1,244,899)	-
Administrative expense	-	(34,078)	34,078
Other changes	-	40,665	(40,665)
Net changes	7,289,161	(218,340)	7,507,501
Balance at December 31, 2022	$ 64,852,039	$ 53,731,166	$ 11,120,873

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Town, calculated using the discount rate of 6.75%, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.75%) or 1 percentage-point higher (7.75%) than the current rate:

	1% Decrease In Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
Net pension liability	$ 22,655,008	$ 11,120,873	$ 1,893,131

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained at www.tmrs.com.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2023, the Town recognized pension expense of $4,289,154. At September 30, 2023, the Town reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 826,017	$ -
Changes in actuarial assumptions	49,496	-
Difference between projected and actual investment earnings	3,698,009	-
Contributions subsequent to the measurement date	2,596,386	-
Total	$ 7,169,908	$ -

The $2,596,386 reported as deferred outflows of resources related to pensions resulting from Town's contributions subsequent to the measurement date and will reduce the net pension liability during the fiscal year ended September 30, 2024. The other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ended September 30,	Net Deferred Outflows (inflows) of resources
2024	$ 765,482
2025	1,147,408
2026	1,081,716
2027	1,578,916
	$ 4,573,522

The general fund has typically been used to liquidate pension and OPEB liabilities related to governmental activities.

Note 10. Other Postemployment Benefits Plan (OPEB)

Plan Description

Texas Municipal Retirement System ("TMRS") administers a defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund ("SDBF"). This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. Employers may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1. The Town has elected to participate in the SDBF for its active members including retirees. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded single-employer OPEB plan (i.e. no assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75) for Town reporting.

Benefits Provided

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered an other postemployment benefit ("OPEB") and is a fixed amount of $7,500.

At the December 31, 2022 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefits	56
Inactive employees entitled to but not yet receiving benefits	39
Active employees	302
	397

Contributions

The member town contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. The intent is not to pre-fund retiree term life insurance during employees' entire careers.

Contributions are made monthly based on the covered payroll of employee members of the participating member town. The contractually required contribution rate is determined annually for each town. The rate is based on the mortality and service experience of all employees covered by the SDBF and the demographics specific to the workforce of the town. There is a one-year delay between the actuarial valuation that serves as the basis for the employer contribution rate and the calendar year when the rate goes into effect. The funding policy of this plan is to assure that adequate resources are available to meet all death benefit payments for the upcoming year.

The retiree portion of contribution rates to the SDBF for the Town was 0.02% and 0.03% for calendar years 2022 and 2023 respectively. The Town's contributions to the SDBF for the year ended September 30, 2023 were $2,240, and were equal to the required contributions. Covered employee payroll was $26,425,525.

Total OPEB Liability

The Town's Total OPEB Liability (TOL) was measured as of December 31, 2022 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The Total OPEB Liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Salary increases	3.5% to 11.5% including inflation
Discount rate	4.05% (1.84% in prior year)
Retiree's share of benefit-related costs	$ 0
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll; closed

Salary increases were based on a service-related table. Mortality rates for service retirees were based on the 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Mortality rates for disabled retirees were based on 2019 Municipal Retirees of Texas Mortality Tables with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis with scale UMP to account for future mortality improvements subject to the floor.

Actuarial assumptions used in the December 31, 2022 valuation were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were first adopted in 2019 and first used in the December 31, 2019 actuarial valuation.

The discount rate used to measure the Total OPEB Liability was 4.05% and was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2022.

Changes in Total OPEB Liability

	Total OPEB Liability
Balance at December 31, 2021	$ 599,771
Changes for the year	
Service Cost	57,511
Interest on Total OPEB Liability	11,521
Change of benefit terms	-
Difference between expected and actual experience	(6,285)
Changes of assumptions or other inputs	(246,448)
Benefit payments	(4,793)
Administrative expense	-
Other changes	-
Net Changes	(188,494)
Balance at December 31, 2022	$ 411,277

Total OPEB liability was 1.72% of covered employee payroll during the measurement period.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Town, calculated using the discount rate of 4.05%, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (3.05%) or 1 percentage-point higher (5.05%) than the current rate:

	1% Decrease in Discount Rate (3.05%)	Discount Rate (4.05%)	1% Increase in Discount Rate (5.05%)
Total OPEB Liability	$ 504,227	$ 411,277	$ 340,547

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2023, the Town recognized OPEB expense of $51,267. At September 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to the OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 39,204
Changes in assumptions and other inputs	112,628	223,725
Contributions subsequent to the measurement date	5,865	-
Total	$ 118,493	$ 262,929

The $5,865 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will reduce the Total OPEB liability during the year ending September 30, 2024. The other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ended September 30	Net deferred outflows (inflows) of resources
2024	$ (17,765)
2025	(18,336)
2026	(20,967)
2027	(18,302)
2028	(26,634)
Thereafter	(48,297)
Total	$ (150,301)

Note 11. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission; injuries to employees; and natural disasters. The Town is a participant in the Texas Municipal League Workers' Compensation Joint Insurance Fund (WC Fund) and the Texas Municipal League Joint Self-Insurance Fund (Property-Liability Fund), a public entity risk pool operated by the Texas Municipal League Board for the benefit of 2,800 individual governments and political subdivision units located within Texas. The Town pays an annual premium to the funds for its workers' compensation, property and liability, and cyber security insurance coverage. The WC Fund and Property-Liability Fund are considered self-sustaining risk pools that provide coverage for its members for up to $1,000,000 per occurrence with a $2,000,000 annual aggregate. There is a deductible of $5,000 due from the Town per claim for personnel liability claims and a $2,500 deductible for general liability. The cyber security provides various tiers of coverage to limit the Town's exposure to this new risk.

There were no reductions in insurance coverage and the Town had not been declined coverage for any exposures or limits of liability and/or scheduled covered amounts from the previous year. Settled claims for risks have not exceeded insurance coverage for the past three years.

Note 12. Net Position / Fund Balance

In the government-wide financial statements, net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. Net investment in capital assets consists of capital, lease and subscription assets, net of accumulated depreciation/amortization, reduced by the outstanding balances of any borrowing used for the acquisition and construction or improvements of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislations adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Restricted Net Position

Net position is reported in the government-wide statement of net position consisted of the following as of September 30, 2023:

	Governmental Activities	Business-type Actvities	Total Primary Government	Discretely Presented Component Units
Restricted for construction	$ 23,092,839	$ 5,556,868	$ 28,649,707	$ -
Restricted for economic development	464,158	-	464,158	10,640,126
Restricted for stormwater drainage	1,737,423	-	1,737,423	-
Restricted for street maintenance	942,960	-	942,960	-
Restricted for streetscape	372,657	-	372,657	-
Restricted for debt service	2,086,732	-	2,086,732	1,125,095
Restricted for other:				
Donor stipulations	29,030	-	29,030	-
Public, education, government access	44,635	-	44,635	-
Tourism	35,194	-	35,194	-
Public safety	831,646	-	831,646	-
Total restricted for other	940,505	-	940,505	-
	$ 29,637,274	$ 5,556,868	$ 35,194,142	$ 11,765,221

Fund Balance

The composition of the governmental fund balances at September 30, 2023 is as follows:

	General Fund	Debt Service Fund	Capital Projects Fund	PID Capital Projects Project	Landscape Fund	Nonmajor Governmental Funds	Total Governmental Funds
Non-spendable							
Inventories	$ 100,309	$ -	$ -	$ -	$ -	$ -	$ 100,309
Prepaids	31,982	-	-	-	-	250	32,232
Total nonspendable	132,291	-	-	-	-	250	132,541
Restricted for							
Debt service	-	2,086,732	-	-	-	-	2,086,732
Street maintenance	-	-	-	-	-	942,960	942,960
Police	-	-	-	-	-	317,566	317,566
Fire	-	-	-	-	-	212,998	212,998
Stormwater drainage	-	-	-	-	-	1,737,423	1,737,423
Court	-	-	-	-	-	79,692	79,692
Library	-	-	-	-	-	29,030	29,030
Animal Control	-	-	-	-	-	2,664	2,664
Public, Education, Government Access	-	-	-	-	-	44,635	44,635
Streetscape	-	-	-	-	372,657	-	372,657
Tourism	-	-	-	-	-	35,194	35,194
Economic Development	-	-	-	-	-	464,158	464,158
Child Safety	-	-	-	-	-	218,726	218,726
Capital projects	-	-	39,637,595	8,759,231	-	-	48,396,826
Total restricted	-	2,086,732	39,637,595	8,759,231	372,657	4,085,046	54,941,261
Unassigned	48,512,833	-	-	-	-	(13,108)	48,499,725
	$ 48,645,124	$ 2,086,732	$ 39,637,595	$ 8,759,231	$ 372,657	$ 4,072,188	$ 103,573,527

Note 13. Commitments and Contingencies

In March 2003, the Town entered into a thirty-year contract with the North Texas Municipal Water District (NTMWD) for the purchase of treated water. Under the terms of this contract, the Town is obligated to make a minimum annual payments (adjusted annually) in return for a minimum volume of gallons of water per year. During the year ended September 30, 2023, the cost of water purchased under this contract was $6,155,497 .

At September 30, 2023 and subsequent to year end, the Town is committed to numerous contracts for capital improvements totaling $6,885,789.

Note 14. Little Elm Tax Increment Reinvestment Zones and Public Improvement Districts

The Town Council created and participates in a total of four Tax Increment Reinvestment Zones (“TIRZ”)(#3, #4, #5, and #6). The two original TIRZ created in 2008 referred to as TIRZ #1 and TIRZ #2 were terminated in November 2013. Subsequent to the creation of the two TIRZ zones, the Council on February 3, 2009 authorized and established the creation of the Little Elm Redevelopment Authority (“LERA”). The LERA was dissolved in February 2014. Upon the termination of TIRZ #1 in 2013, the Town created TIRZ #3 for the "Lakefront District" which consists of approximately 847 acres and has a base taxable assessed value of $33,542,713.

The Town Council created TIRZ #4 in December 2013 for the Valencia on the Lake multi-phase residential development of approximately 447.942 acres. The Town also created the Valencia Public Improvement District ("PID") in September 2013 to finance certain public infrastructure improvements. The PID and the TIRZ boundaries are contiguous as the goal of the TIRZ is to assist with the development. The Town issued two series of special assessment revenue bonds (the "PID Bonds") in the amounts of $12,240,000 and $4,000,000 in February 2014 that are secured solely from assessment revenues generated within the Valencia PID. The bonds funded major improvement projects to include certain roadway, water, wastewater and drainage improvements. On November 6, 2018 the Town issued three series of bonds for the Valencia on the Lake PID. The first series of revenue bonds refunded the 2014 Phase #1 Bonds, refinanced the Phase #1 reimbursement agreement portion of the 2014 bonds and restructured the debt service requirements by passage of Ordinance No.1445. The second series of revenue bonds were identified as the Improvement Area #2 Refunding and Improvement Bonds and were issued to refund a portion of the 2014 bonds used to finance improvements related to Improvement Area #2, refinance the pro rata portion of the Phase #2 local improvements and financed additional improvements relating in Improvement Area #2 through Ordinance No. 1446. The Major Improvement Area Refunding Bonds were the third series of bonds issued in FY 2018 through Ordinance No. 1447. They were to refund the pro-rata portion of the 2014 Major Improvement Bonds related to Phases #2B, #3B, and #4.

The Town Council created a TIRZ #5 in December 2014 with a base value of real property of $5,380,866. Over time, the TIRZ #5 zone has modified property parcels by adding into or removing from the zone to establish the area to reflect 943.5 acres. The zone is located near the intersections of US-380 and FM- 2931. The majority of the land within the TIRZ zone is vacant and undeveloped. The zone was established to facilitate the development of retail and single-family homes. At the time the original zone was established, the TIRZ project costs were financed by incremental real property tax generated and sales tax within the zone. Such incremental property tax was 46% from the Town of Little Elm and 50% of one cent of sales tax rate collected in the zone.

Since then, Town Council amended previous Ordinances and approved Ordinance No. 1607 Final Project and Financing Plan on May 4, 2021, which established the zone encompassing 862.23 acres. The goal of the TIRZ is still to facilitate the development of the currently vacant land with retail and single-family developments while creating a unique cohesive development that builds on the high development standard established within the Town. In order to fund the public improvements within the zone, the Town will contribute 50% of its incremental real property tax revenue to the TIRZ fund beginning with incremental real property taxes due by January 31, 2022 and ending with incremental real property taxes due by January 31, 2060. The new base value of the taxable real property in the Zone is $15,654,221. Such public improvement costs that financed the incremental real property tax generated within the TIRZ include roadway, water system, sanitary sewer, storm water improvements, parks, trails, landscaping and hardscaping, public utilities purchase, and economic development grants for the total amount of $184,000,000. The Town will contribute 50% of its incremental real property tax revenue to the TIRZ fund until the earlier of the maximum TIRZ increments paid for the TIRZ obligations reach $184 million or December 31, 2060.

The Town of Little Elm entered into agreements related to the Zone, including an Amended and Restated Tax Increment Payment (TIP) Agreement dated April 6, 2021. The Town agreed to make payments from the pledge revenues, which consist of 50% of the property taxes levied and finally collected by the Town for that year on the captured appraised value of real property taxable in the Zone to CADG Lincoln Park, LLC. The Public Finance Authority (PFA) issued Certificates of Participation, Series 2021 for $30,400,000 to provide funds to finance the project through paying the TIP payments. CADG has entered into an assignment agreement dated May 28, 2021 to which CADG sold, transferred, delivered, assigned, and conveyed the pledged revenues scheduled to be paid by the Town under the TIP agreement to PFA for the issuance of bonds.

The Town is not anticipated to issue bonds directly secured by the TIRZ increments. However, the TIRZ increments may be used as part of the repayment of bonds issued through other financial structures like a Public Improvement District (PID).

The Hillstone Pointe PID No. 2 was created in June 2015. It is located at the northern section of TIRZ #5 and its boundaries are not contiguous. TIRZ #5 and Hillstone Pointe PID No. 2 are located near the 380 Corridor within the newly annexed area on the northern boundary of the Town of Little Elm. The Town issued $6,000,000 in special assessment revenue bonds (the "PID Bonds") for Phases #1-1a through approval of Ordinance No. 1422 on October 17, 2017. The Bonds are secured solely from assessment revenues generated within the Hillstone Pointe PID No. 2. The Bonds funded Phase 1 and Phase 1A improvements which included certain roadway, water system, storm drainage, sanitary sewer, screening and landscaping and other soft and miscellaneous improvements. The Town issued the next set of Bonds ($4,688,000 Special Assessment Revenue Bonds, Series 2018) for the Hillstone Pointe PID No. 2 Phases 2 and 3 through Ordinance No. 1471 in December 2018. The Bonds are secured solely from assessment revenues generated from Phases 2 and 3 of the PID and the proceeds are being used to fund a portion of the actual costs of the Phase 2 and 3 improvements.

Council also approved a new PID within the TIRZ 5 zone February 22, 2021, identified as Spiritas Ranch Public Improvement District and on May 4, 2021, annexed in approximately 7.21 acres of land located in the Town's ETJ for such PID. This PID is generally located south of US-380, east of FM-720, and west of Lewisville Lake and estimated costs of the authorized improvements is $65,000,000. Such costs shall be paid by assessment of the property owners within the District. The developer will be obligated for the costs of authorized improvements and the Town will not be obligated to provide any funds to finance the authorized improvements other than from special assessments levied on real property within the District. On May 11th, 2021, Council approved Ordinance No. 1606 for the issuance and sale of special assessment revenue bonds (PID Bonds), Series 2021 in the amount of $43,200,000 for the Spiritas Ranch PID Area #1 and Major Improvement Area projects. The Bonds are secured solely from assessment revenues generated within the Spiritas Ranch PID for area #1 and major improvement area projects.

The Town's third PID was created by the Town in October 2016 identified as the Rudman Tract Public Improvement District to finance the costs of certain public improvements for the benefit of property in the PID. TIRZ #6 was created in November 2016 to be contiguous with the Rudman Tract to help the area develop. The area encompasses 146.8 acres. The Town approved reimbursement obligations to finance the public improvements provided for the benefit of the property in the PID. Phase #1 Reimbursement Agreement of $7,300,000 and Phase #2 Major Improvements Reimbursement Agreement of $2,075,000 are secured by special assessments. The Town consented to the assignment of the reimbursement amounts between the OPLE Prairie Oaks Development, Inc. and the PFA in May 2017. Bonds were issued by the Wisconsin PFA for the development in May 2017.

The Town on December 20, 2016 created the fourth PID for the Town of Little Elm. This PID is located at the Town's northern border next to Highway 380 and will be identified as Lakeside Estates PID No. 2. A TIRZ was not approved to assist with the development of this project. The Town authorized the issuance and sale of special assessment revenue bonds, Series 2017 in December 2017 for $4,700,000, payable solely from and secured by a pledge of special assessments. The bonds funded improvements which included certain roadway, water distribution system, storm drainage, sanitary sewer, screening and other PID Bond issuance costs.

The TIRZ and PID's in respect to their duration and the projects to be undertaken and other terms and conditions are set forth in the respective ordinances creating such zones and the public improvement districts. Although current plans provide that project costs for the zones will be paid or reimbursed from tax increments as collected, the Town may determine at a future date to issue bonds or other obligations secured by or payable in whole or in part from Tax Increment Revenues. At September 30, 2023, the oustanding balance of the special assessment bonds in connection with the Town's PIDs is $107,858,916. The owners of the PID Bonds do not have the right to demand payment from any funds of the Town other than the pledged revenues, consisting primarily of assessments levied and collected against the property within the specific PID, and the Town has no obligation to pay the PID Bonds from any other source.

Tax Increment Financing

Tax Increment Financing (TIF) is a tool to help finance public improvements and development projects within a defined area. A municipality makes an area eligible for TIF by designating it a Tax Increment Reinvestment Zone (TIRZ). Within the designated zone all of the incremental tax revenue growth flows to an established tax increment fund to help pay for public improvements within the zone. The Town has adopted four Tax Increment Reinvestment Zones (TIRZ) in accordance with the provisions of the Tax Increment Financing Act, V.T.C.A., Tax Code, Chapter 311. The four active Tax increment reinvestment zones include TIRZ #3, #4, #5 and #6. The purpose of TIRZ #3 is to help pay for project costs associated with the development of the Town's Lakefront District. The Zone's projected costs are primarily related to park and park improvements, streets, a conference center, utilities, a recreation center, landscaping, trails, a plaza and lighting. TIRZ #4, #5 and #6 were created to facilitate the development of the respective areas to bring in retail and single family developments while creating a unique cohesive development that builds on the high development standards already established within the Town. Specific project costs may include but are not limited to roads, water, sewer and storm water management. In fiscal year 2023, the Town made $2,610,480 in payments to the TIRZ funds. Denton County agreed to participate in TIRZ 3 until the date the TIRZ #3 terminates, which would be on or before December 31, 2043. Denton County contributed $91,750 in fiscal year 2023.

Note 15. Tax Abatements and Economic Incentives

The Town enters into economic development agreements designed to promote development, stimulate commercial activity, enhance the property tax base, and increase the economic vitality. The Town's economic development agreements are authorized under the Texas Local Government Code Chapter 311 (Tax Increment Financing Act), Chapter 312 (Property Redevelopment and Tax Abatements), and Chapter 380 (Economic Development Programs). Recipients may be eligible to receive economic assistance based upon employment, economic, or community impact of the project requesting assistance. Recipients receiving assistance generally commit to building or remodeling real property and related infrastructure, expanding operations, renewing facility leases or bringing targeted development to the Town. Agreements generally contain recapture provisions, which may require repayment or termination if recipients do not meet the required provisions of the economic incentives.

General Economic Development

The Town enters into various agreements under Chapter 380 of the Texas Local Government Code to stimulate economic development. Agreements may rebate a flat amount or a percentage of property taxes or sales tax received by the Town. For fiscal year 2023, the Town rebated $228,147 in sales taxes and $2,180,257 of property taxes and made other incentive payments of $1,085,317 under the agreements.

Required Supplementary Information

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Town of Little Elm, Texas
Statement of Revenues, Expenditures and Changes
In Fund Balances - Budget (GAAP Basis) and Actual - General Fund
For the Year Ended September 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Taxes:				
Property taxes, penalty, and interest	$ 22,139,362	$ 22,139,362	$ 26,906,479	$ 4,767,117
General sales and use taxes	6,310,933	6,310,933	7,325,926	1,014,993
Franchise taxes and other	2,247,500	2,247,500	2,738,878	491,378
Licenses and permits	3,518,576	3,518,576	3,887,930	369,354
Intergovernmental	7,609,168	7,830,634	8,056,544	225,910
Charges for services	6,559,200	6,691,649	7,941,507	1,249,858
Fines and forfeitures	805,000	805,000	999,937	194,937
Contributions	15,000	15,000	15,000	-
Interest	220,000	220,996	2,327,840	2,106,844
Other revenues	96,000	101,000	248,000	147,000
Total revenues	49,520,739	49,880,650	60,448,041	10,567,391
Expenditures				
Current:				
General government	7,289,108	7,760,848	5,367,134	2,393,714
Community services	4,433,968	4,457,592	3,421,099	1,036,493
Public safety	29,427,311	29,553,310	28,799,434	753,876
Public works	3,897,992	4,076,347	3,554,674	521,673
Culture and recreation	8,357,058	8,564,256	8,855,288	(291,032)
Debt service:				
Principal retirement	227,651	227,651	227,651	-
Interest and fiscal agent fees	11,648	11,648	11,648	-
Capital outlay	1,228,097	1,763,903	2,075,646	(311,743)
Total expenditures	54,872,833	56,415,555	52,312,574	4,102,981
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,352,094)	(6,534,905)	8,135,467	14,670,372
Other Financing Sources (Uses)				
Leases issued	-	-	115,798	115,798
Sale of capital assets	-	-	49,643	49,643
Insurance recoveries	-	221,888	353,563	131,675
Transfers in	2,306,802	2,328,802	2,320,326	(8,476)
Transfers out	-	(3,700,000)	(3,700,000)	-
Total other financing sources (uses)	2,306,802	(1,149,310)	(860,670)	288,640
Net Change in Fund Balances (Deficit)	(3,045,292)	(7,684,215)	7,274,797	14,959,012
Fund Balances (Deficit), Beginning of Year	41,370,327	41,370,327	41,370,327	-
Fund Balances (Deficit), End of Year	$ 38,325,035	$ 33,686,112	$ 48,645,124	$ 14,959,012

Town of Little Elm, Texas
Statement of Revenues, Expenditures and Changes
In Fund Balances - Budget (GAAP Basis) and Actual - Landscape Fund
For the Year Ended September 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Intergovernmental	$ 30,213	$ 30,213	$ 24,542	$ (5,671)
Charges for services	167,500	229,537	286,462	56,925
Contributions	50,000	50,000	50,000	-
Interest	7,000	7,000	21,752	14,752
Other revenues	-	13,800	12,650	(1,150)
Total revenues	254,713	330,550	395,406	64,856
Expenditures				
Community services	502,000	502,000	512,486	(10,486)
Capital outlay	50,000	310,974	265,853	45,121
Total expenditures	552,000	812,974	778,339	34,635
Excess (Deficiency) of Revenues Over (Under) Expenditures	(297,287)	(482,424)	(382,933)	99,491
Other Financing Sources (Uses)				
Transfers in	404,800	391,000	391,000	-
Total other financing sources (uses)	404,800	391,000	391,000	-
Net Change in Fund Balances (Deficit)	107,513	(91,424)	8,067	99,491
Fund Balances (Deficit), Beginning of Year	364,590	364,590	364,590	-
Fund Balances (Deficit), End of Year	$ 472,103	$ 273,166	$ 372,657	$ 99,491

Stewardship, Compliance, and Accountability

Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are legally adopted for the general fund, debt service fund, water and sewer fund, and all special revenue funds, with the exception of the Little Elm TIRZ #4, TIRZ #5,TIRZ #6, and Hwy 380 MMD Funds. All annual appropriations lapse at fiscal year-end.

The Town follows these procedures in establishing the budgetary data reflected in the basic financial statements:

(1) Prior to September 1, the Town Manager submits to the Town Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes the proposed expenditures and the means of financing them.
(2) Public hearings are conducted to obtain taxpayer comments.
(3) Prior to October 1, the budget is legally enacted through the passage of an ordinance.
(4) The Town Manager is authorized to transfer budgeted amounts between departments within any fund. Any revisions that alter the total expenditures of any fund must be approved by the Town Council.

Town of Little Elm, Texas
Schedule of Changes in Net Pension Liability and Related Ratios-
Texas Municipal Retirement System
Last Nine Measurement Periods

	2014	2015	2016	2017
Total Pension Liability				
Service cost	$ 1,781,572	$ 2,120,510	$ 2,355,108	$ 2,626,348
Interest	1,306,279	1,544,900	1,739,588	2,023,022
Change of benefit terms	-	-	-	-
Differences between expected and actual experience	511,427	187,346	298,105	(90,555)
Change in assumptions	-	90,206	-	-
Benefit payments	(326,527)	(393,218)	(323,979)	(334,803)
Net Change in Total Pension Liability	3,272,751	3,549,744	4,068,822	4,224,012
Total Pension Liability - Beginning	17,933,610	21,206,361	24,756,105	28,824,927
Total Pension Liability - Ending (a)	$ 21,206,361	$ 24,756,105	$ 28,824,927	$ 33,048,939
Plan Fiduciary Net Position				
Contributions - employer	$ 1,185,583	$ 1,535,872	$ 1,676,473	$ 1,968,224
Contributions - nonemployer	774,891	838,620	908,306	1,021,378
Net investment income	857,339	25,774	1,316,544	3,194,579
Benefit payments	(326,527)	(393,218)	(323,979)	(334,803)
Administrative income	(8,946)	(15,693)	(14,848)	(16,529)
Other	(736)	(776)	(798)	(838)
Net Change in Plan Fiduciary Net Position	2,481,604	1,990,579	3,561,698	5,832,011
Plan Fiduciary Net Position - Beginning	14,979,082	17,460,686	19,451,265	23,012,963
Plan Fiduciary Net Position - Ending (b)	$ 17,460,686	$ 19,451,265	$ 23,012,963	$ 28,844,974
Net Pension Liability - Ending (a) – (b)	$ 3,745,675	$ 5,304,840	$ 5,811,964	$ 4,203,965
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.34%	78.57%	79.84%	87.28%
Covered Payroll	$ 11,065,942	$ 11,980,280	$ 12,975,800	$ 14,574,627
Net Pension Liability as a Percentage of Covered Payroll	33.85%	44.28%	44.79%	28.84%

Note: Only nine years of data is presented in accordance with GASB #68, paragraph 138. “The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many periods as are available. The schedules should not include information that is not measured in accordance with the requirements of this statement. Additional years’ information will be displayed as it becomes available.”

2018	2019	2020	2021	2022
$ 3,014,390	$ 3,282,649	$ 3,772,041	$ 4,005,588	$ 4,284,588
2,313,659	2,691,346	3,087,959	3,545,147	3,988,084
-	-	-	-	-
859,152	279,168	775,209	119,178	261,388
-	178,056	-	-	-
(559,416)	(892,522)	(707,805)	(1,249,860)	(1,244,899)
5,627,785	5,538,697	6,927,404	6,420,053	7,289,161
28,824,927	38,676,724	44,215,421	51,142,825	57,562,878
$ 34,452,712	$ 44,215,421	$ 51,142,825	$ 57,562,878	$ 64,852,039
$ 2,266,748	$ 2,386,394	$ 2,822,744	$ 2,945,480	$ 3,297,312
1,197,238	1,267,432	1,466,905	1,536,390	1,677,412
(866,209)	4,788,117	2,924,215	5,870,497	(3,954,752)
(559,416)	(892,522)	(707,805)	(1,249,860)	(1,244,899)
(16,699)	(26,963)	(18,855)	(27,068)	(34,078)
(871)	(810)	(735)	185	40,665
2,020,791	7,521,648	6,486,469	9,075,624	(218,340)
28,844,974	30,865,765	38,387,413	44,873,882	53,949,506
$ 30,865,765	$ 38,387,413	$ 44,873,882	$ 53,949,506	$ 53,731,166
$ 3,586,947	$ 5,828,008	$ 6,268,943	$ 3,613,372	$ 11,120,873
89.59%	86.82%	87.74%	93.72%	82.85%
$ 16,783,907	$ 18,106,173	$ 20,955,784	$ 21,948,430	$ 23,963,021
21.37%	32.19%	29.92%	16.46%	46.41%

Town of Little Elm, Texas
Schedule of Pension Contributions -
Texas Municipal Retirement System
Last Nine Fiscal Years

	2015	2016	2017	2018
Actuarially determined contribution	$ 1,450,482	$ 1,721,094	$ 1,901,949	$ 2,201,774
Contributions in relation to the actuarially determined contribution	1,450,482	1,721,094	1,901,949	2,201,774
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	12,244,425	13,214,555	14,104,876	16,242,464
Contributions as a percentage of covered payroll	11.85%	13.02%	13.48%	13.56%

Note: GASB #68, paragraph 81.2.b requires that the data in this schedule be presented as of the Town's fiscal year as opposed to the time period covered by the measurement date.

Note: Only nine years of data is presented in accordance with GASB #68, paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many periods as are available. The schedules should not include information that is not measured in accordance with the requirements of this statement. Additional years' information will be displayed as it becomes available."

Notes to Schedule of Contributions:

Valuation Date:

Notes	Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	22 Years (longest amortization ladder)
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 11.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the Town's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014-2018
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

Other Information:

Notes	There were no benefit changes during the year.

2019	2020	2021	2022	2023
$ 2,459,086	$ 2,640,722	$ 2,901,400	$ 3,196,772	$ 3,542,445
2,459,086	2,640,722	2,901,400	3,196,772	3,542,445
$ -	$ -	$ -	$ -	$ -
18,403,629	19,524,411	21,597,802	23,338,033	26,426,525
13.36%	13.53%	13.43%	13.70%	13.40%

Town of Little Elm, Texas
Schedule of Changes in the Total OPEB Liability and Related Ratios
Texas Municipal Retirement System
Last Six Measurement Periods

	2017	2018	2019	2020	2021	2022
Total OPEB Liability						
Service cost	$ 24,777	$ 33,568	$ 27,159	$ 41,912	$ 48,287	$ 57,511
Interest	10,108	11,094	12,691	12,031	11,124	11,521
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	-	(4,395)	(31,013)	(16,377)	(9,378)	(6,285)
Changes of assumptions or other inputs	30,053	(28,403)	81,166	82,266	20,991	(246,448)
Benefit payments	(1,457)	(1,678)	(1,811)	(2,096)	(6,585)	(4,793)
Net Change in Total OPEB Liability	63,481	10,186	88,192	117,736	64,439	(188,494)
Total OPEB Liability - Beginning	255,737	319,218	329,404	417,596	535,332	599,771
Total OPEB Liability - Ending	$ 319,218	$ 329,404	$ 417,596	$ 535,332	$ 599,771	$ 411,277
Covered-Employee Payroll	21,948,430	20,955,784	18,106,173	16,783,907	14,574,627	23,963,021
Town's Total OPEB Liability as a Percentage of Covered-Employee Payroll	2.19%	1.96%	2.31%	2.55%	2.73%	1.72%

Only six years of data is presented in accordance with GASB Statement No. #75. Additional years' information will be displayed as it becomes available.

The TMRS Supplementary Death Benefit Fund (SDBF) is considered to be an unfunded OPEB plan (i.e. no assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75); therefore, no plan fiduciary net position and related ratios are reported in the above schedule.

Notes to Schedule:

Changes of benefit terms: None

Changes of assumptions:

Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2017	3.31%
2018	3.71%
2019	2.75%
2020	2.00%
2021	1.84%
2022	4.05%

Town of Little Elm, Texas
Schedule of OPEB Contributions
Texas Municipal Retirement System
Last Six Fiscal Years

	2018	2019	2020	2021	2022	2023
Actuarially determined contribution	$ 2,885	$ 2,258	$ 1,952	$ 5,289	$ 6,585	$ 2,240
Contributions in relation to the actuarially determined contribution	2,885	2,258	1,952	5,289	6,585	2,240
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Covered-employee payroll	16,242,464	18,403,629	19,524,411	21,597,802	23,338,033	26,425,525
Contributions as a percentage of covered-employee payroll	0.02%	0.01%	0.01%	0.02%	0.03%	0.01%

Only six years of data is presented in accordance with GASB Statement No. #75. Additional years' information will be displayed as it becomes available.

Note: GASB Statement No. 75 paragraph 57 requires that the data in this schedule be presented as of the Town's fiscal year as opposed to the time period covered by the measurement date.

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Combining and Individual Fund Financial Statements and Schedules

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Town of Little Elm, Texas
Budgetary Comparison Schedule (GAAP Basis)
Debt Service
For the Year Ended September 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Property taxes, penalty, and interest	$ 7,161,155	$ 7,161,155	$ 8,559,654	$ 1,398,499
Intergovernmental	109,973	109,973	114,461	4,488
Interest	30,000	30,000	154,100	124,100
Total revenues	7,301,128	7,301,128	8,828,215	1,527,087
Expenditures				
Debt service:				
Principal retirement	5,715,000	5,715,000	5,750,000	(35,000)
Interest and fiscal agent fees	2,316,921	2,316,921	2,190,883	126,038
Other debt service costs	14,000	14,000	4,499	9,501
Total expenditures	8,045,921	8,045,921	7,945,382	100,539
Net Change in Fund Balances (Deficit)	(744,793)	(744,793)	882,833	1,627,626
Fund Balances (Deficit), Beginning of Year	1,203,899	1,203,899	1,203,899	-
Fund Balances (Deficit), End of Year	$ 459,106	$ 459,106	$ 2,086,732	$ 1,627,626

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Nonmajor Governmental Funds

Special Revenue Funds

Dedicated Funds

Accounts for dedicated revenue that is attributed to court operations, motor vehicle and child safety.

Donations Fund

Accounts for donations made by civic organizations, businesses, and citizens for specific uses which include the library, animal control center, police, and fire departments. Donations are generally donated for the purchase of equipment.

Forfeitures Fund

Accounts for fines and forfeiture of property resulting from criminal cases within the boundaries of the Town that have been adjudicated by the State of Texas in District Court.

Street Maintenance Fund

Accounts for a Special Purpose District that provides 1/4 cent sales and use tax for street maintenance. This was originally approved in 2009 by voters and has since been renewed twice by the citizens of Little Elm. This Special Purpose District was reauthorized by voters on May 1, 2021.

Hotel Occupancy Tax Fund

Accounts for all hotel occupancy tax collected within the Town. Council amended the Town's Code of Ordinance May 5, 2020, to include short-term rentals to pay a hotel occupancy tax (7%).

Stormwater Drainage Fund

Accounts for fees charged for storm water drainage services.

PEG Fund

Accounts for fees used to defer the cost of streaming Council meeting videos of all meetings to meet the objective of local government transparency.

Grant Fund

Accounts for the grant expenditures for emergency activity due to the COVID-19 pandemic and Staffing for Adequate Fire and Emergency Response (SAFER).

TIRZ #3 Fund

Accounts for proceeds and expenditures relating to Little Elm Tax TIRZ # 3.

TIRZ #4 Fund

Accounts for proceeds and expenditures relating to Little Elm Tax TIRZ # 4.

TIRZ #5 Fund

Accounts for proceeds and expenditures relating to Little Elm TIRZ# 5.

TIRZ #6 Fund

Accounts for proceeds and expenditures relating to Little Elm TIRZ# 6.

Highway 380 MMD Fund

Accounts for the Town's contributions to the Highway 380 Municipal Management District (MMD).

Town of Little Elm, Texas
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2023

	Special Revenue Funds			
	Dedicated Funds	Donations	Forfeitures	Street Maintenance
Assets				
Cash and cash equivalents	$ -	$ -	$ 336,165	$ 538,850
Investments	111,805	25,348	175,374	281,112
Restricted cash and cash equivalents	273,762	62,066	-	-
Restricted investments	-	-	-	-
Receivables (net of allowances for uncollectibles):				
Taxes	-	-	-	341,410
Other	63,871	218	1,512	2,423
Due from other governments	-	-	-	-
Due from other funds	-	-	-	-
Prepaids	-	-	-	-
Total assets	$ 449,438	$ 87,632	$ 513,051	$ 1,163,795
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable and other accrued liabilities	$ -	$ 4,473	$ 195,905	$ 92,839
Due to other funds	-	-	-	-
Retainage payable	-	-	-	126,264
Unearned revenue	689	156	1,080	1,732
Total liabilities	689	4,629	196,985	220,835
Fund Balances (Deficit)				
Nonspendable	-	-	-	-
Restricted	448,749	83,003	316,066	942,960
Unassigned	-	-	-	-
Total fund balances (deficit)	448,749	83,003	316,066	942,960
Total liabilities, deferred inflows of resources and fund balances (deficit)	$ 449,438	$ 87,632	$ 513,051	$ 1,163,795

Special Revenue Funds							
Hotel Occupancy Tax	Stormwater Drainage	PEG Fund	Grant Fund	Little Elm TIRZ #3	Little Elm TIRZ #4	Little Elm TIRZ #5
$ 21,106	$ 1,060,494	$ 19,418	$ -	$ -	$ -	$ -
11,011	558,285	10,131	-	-	-	-
-	-	-	968,345	137,264	75,110	-
-	-	-	-	71,609	39,184	-
-	-	-	-	24,921	-	-
3,145	149,269	15,148	-	617	338	-
-	-	-	206,865	-	-	-
-	-	-	5,116	-	-	-
-	250	-	-	-	-	-
$ 35,262	$ 1,768,298	$ 44,697	$ 1,180,326	$ 234,411	$ 114,632	$ -
$ -	$ 25,930	$ -	$ 31,761	$ 17,051	$ -	$ -
-	1,506	-	504,214	-	-	13,108
-	-	-	-	-	-	-
68	3,439	62	644,351	441	241	-
68	30,875	62	1,180,326	17,492	241	13,108
-	250	-	-	-	-	-
35,194	1,737,173	44,635	-	216,919	114,391	-
-	-	-	-	-	-	(13,108)
35,194	1,737,423	44,635	-	216,919	114,391	(13,108)
$ 35,262	$ 1,768,298	$ 44,697	$ 1,180,326	$ 234,411	$ 114,632	$ -

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Town of Little Elm, Texas
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2023

	Special Revenue Funds		
	Little Elm TIRZ #6	HWY 380 MMD	Total Nonmajor Governmental Funds
Assets			
Cash and cash equivalents	$ -	$ -	$ 1,976,033
Investments	-	-	1,173,066
Restricted cash and cash equivalents	7,416	88,420	1,612,383
Restricted investments	3,869	46,128	160,790
Receivables (net of allowances for uncollectibles):			
Taxes	-	-	366,331
Other	33	398	236,972
Due from other governments	-	-	206,865
Due from other funds	-	-	5,116
Prepaids	-	-	250
Total assets	$ 11,318	$ 134,946	$ 5,737,806
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities			
Accounts payable and other accrued liabilities	$ -	$ -	$ 367,959
Due to other funds	-	-	518,828
Retainage payable	-	-	126,264
Unearned revenue	24	284	652,567
Total liabilities	24	284	1,665,618
Fund Balances (Deficit)			
Nonspendable	-	-	250
Restricted	11,294	134,662	4,085,046
Unassigned	-	-	(13,108)
Total fund balances (deficit)	11,294	134,662	4,072,188
Total liabilities, deferred inflows of resources and fund balances (deficit)	$ 11,318	$ 134,946	$ 5,737,806

Town of Little Elm, Texas
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2023

	Special Revenue Funds			
	Dedicated Funds	**Donations**	**Forfeitures**	**Street Maintenance**
Revenues				
Taxes				
Property taxes, penalty, and interest	$ -	$ -	$ -	$ -
General sales and use taxes	-	-	-	1,853,084
Franchise taxes and other	-	-	-	-
Intergovernmental	4,160	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	128,199	-	322,752	-
Contributions	-	33,738	-	-
Interest	4,439	1,653	21,818	96,798
Other revenues	-	-	-	-
Total revenues	136,798	35,391	344,570	1,949,882
Expenditures				
Current				
General government	-	-	-	-
Public safety	54,683	10,365	120,534	-
Public works	-	-	-	1,774,517
Culture and recreation	-	6,263	-	-
Capital outlay	-	-	-	790,367
Total expenditures	54,683	16,628	120,534	2,564,884
Excess (Deficiency) of Revenues Over (Under) Expenditures	82,115	18,763	224,036	(615,002)
Other Financing Sources (Uses)				
Transfers out	(13,524)	-	(10,000)	-
Total other financing sources (uses)	(13,524)	-	(10,000)	-
Net Change in Fund Balances	68,591	18,763	214,036	(615,002)
Fund Balances, Beginning of Year	380,158	64,240	102,030	1,557,962
Fund Balances (Deficit), End of Year	$ 448,749	$ 83,003	$ 316,066	$ 942,960

Special Revenue Funds						
Hotel Occupancy Tax	Stormwater Drainage	PEG Fund	Grant Fund	Little Elm TIRZ #3	Little Elm TIRZ #4	Little Elm TIRZ #5
$ -	$ -	$ -	$ -	$ 545,453	$ 930,253	$ 1,062,466
-	-	-	-	158,829	-	-
42,162	-	40,729	-	-	-	-
-	-	-	768,277	-	-	-
-	747,201	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
291	68,524	992	-	34,837	26,482	-
-	24,023	-	-	-	-	-
42,453	839,748	41,721	768,277	739,119	956,735	1,062,466
30,810	-	-	-	289,062	885,520	1,075,574
-	-	-	768,277	-	-	-
-	399,288	-	-	-	-	-
-	-	4,032	-	-	-	-
-	-	-	-	-	-	-
30,810	399,288	4,032	768,277	289,062	885,520	1,075,574
11,643	440,460	37,689	-	450,057	71,215	(13,108)
-	-	(12,000)	-	(1,250,000)	-	-
-	-	(12,000)	-	(1,250,000)	-	-
11,643	440,460	25,689	-	(799,943)	71,215	(13,108)
23,551	1,296,963	18,946	-	1,016,862	43,176	-
$ 35,194	$ 1,737,423	$ 44,635	$ -	$ 216,919	$ 114,391	$ (13,108)

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Town of Little Elm, Texas
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2023

	Special Revenue Funds		
	Little Elm TIRZ #6	HWY 380 MMD	Total Nonmajor Governmental Funds
Revenues			
Taxes			
Property taxes, penalty, and interest	$ 164,058	$ 43,371	$ 2,745,601
General sales and use taxes	-	-	2,011,913
Franchise taxes and other	-	-	82,891
Intergovernmental	-	-	772,437
Charges for services	-	-	747,201
Fines and forfeitures	-	-	450,951
Contributions	-	-	33,738
Interest	4,510	5,279	265,623
Other revenues	-	-	24,023
Total revenues	168,568	48,650	7,134,378
Expenditures			
Current			
General government	161,608	-	2,442,574
Public safety	-	-	953,859
Public works	-	-	2,173,805
Culture and recreation	-	-	10,295
Capital outlay	-	-	790,367
Total expenditures	161,608	-	6,370,900
Excess (Deficiency) of Revenues Over (Under) Expenditures	6,960	48,650	763,478
Other Financing Sources (Uses)			
Transfers out	-	-	(1,285,524)
Total other financing sources (uses)	-	-	(1,285,524)
Net Change in Fund Balances	6,960	48,650	(522,046)
Fund Balances, Beginning of Year	4,334	86,012	4,594,234
Fund Balances (Deficit), End of Year	$ 11,294	$ 134,662	$ 4,072,188

Town of Little Elm, Texas
Budgetary Comparison Schedule (GAAP Basis)
Dedicated Funds
For the Year Ended September 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Intergovernmental	$ 4,600	$ 4,600	$ 4,160	$ (440)
Fines and forfeitures	76,450	76,450	128,199	51,749
Interest	2,000	2,000	4,439	2,439
Total revenues	83,050	83,050	136,798	53,748
Expenditures				
Current:				
Public safety	90,740	90,740	54,683	36,057
Total expenditures	90,740	90,740	54,683	36,057
Excess (Deficiency) of Revenues Over (Under) Expenditures	(7,690)	(7,690)	82,115	89,805
Other Financing Sources (Uses)				
Transfers out	(7,000)	(7,000)	(13,524)	(6,524)
Total other financing sources (uses)	(7,000)	(7,000)	(13,524)	(6,524)
Net Change in Fund Balances (Deficit)	(14,690)	(14,690)	68,591	83,281
Fund Balances (Deficit), Beginning of Year	380,158	380,158	380,158	-
Fund Balances (Deficit), End of Year	$ 365,468	$ 365,468	$ 448,749	$ 83,281

Town of Little Elm, Texas
Budgetary Comparison Schedule (GAAP Basis)
Donations Fund
For the Year Ended September 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Contributions	$ 11,000	$ 16,000	$ 33,738	$ 17,738
Interest	450	450	1,653	1,203
Total revenues	11,450	16,450	35,391	18,941
Expenditures				
Current:				
Public safety	1,000	14,850	10,365	4,485
Culture and recreation	10,000	10,000	6,263	3,737
Total expenditures	11,000	24,850	16,628	8,222
Net Change in Fund Balances (Deficit)	450	(8,400)	18,763	27,163
Fund Balances (Deficit), Beginning of Year	64,240	64,240	64,240	-
Fund Balances (Deficit), End of Year	$ 64,690	$ 55,840	$ 83,003	$ 27,163

Town of Little Elm, Texas
Budgetary Comparison Schedule (GAAP Basis)
Forfeitures Fund
For the Year Ended September 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Fines and forfeitures	$ -	$ 322,751	$ 322,752	$ 1
Interest	-	20,879	21,818	939
Total revenues	-	343,630	344,570	940
Expenditures				
Current:				
Public safety	-	120,534	120,534	-
Total expenditures	-	120,534	120,534	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	223,096	224,036	940
Other Financing Sources (Uses)				
Transfers out	-	(10,000)	(10,000)	-
Total other financing sources (uses)	-	(10,000)	(10,000)	-
Net Change in Fund Balances (Deficit)	-	213,096	214,036	940
Fund Balances (Deficit), Beginning of Year	102,030	102,030	102,030	-
Fund Balances (Deficit), End of Year	$ 102,030	$ 315,126	$ 316,066	$ 940

Town of Little Elm, Texas
Budgetary Comparison Schedule (GAAP Basis)
Street Maintenance Fund
For the Year Ended September 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Taxes:				
General sales and use taxes	$ 1,688,983	$ 1,668,983	$ 1,853,084	$ 184,101
Interest	10,000	10,000	96,798	86,798
Total revenues	1,698,983	1,678,983	1,949,882	270,899
Expenditures				
Current:				
Public works	2,250,000	1,800,377	1,774,517	25,860
Capital outlay	-	888,264	790,367	97,897
Total expenditures	2,250,000	2,688,641	2,564,884	123,757
Net Change in Fund Balances (Deficit)	(551,017)	(1,009,658)	(615,002)	394,656
Fund Balances (Deficit), Beginning of Year	1,557,962	1,557,962	1,557,962	-
Fund Balances (Deficit), End of Year	$ 1,006,945	$ 548,304	$ 942,960	$ 394,656

Town of Little Elm, Texas
Budgetary Comparison Schedule (GAAP Basis)
Hotel Occupancy Tax Fund
For the Year Ended September 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Taxes:				
Franchise taxes and other	$ 140,677	$ 140,677	$ 42,162	$ (98,515)
Interest	-	-	291	291
Total revenues	140,677	140,677	42,453	(98,224)
Expenditures				
Current:				
General government	25,000	25,000	30,810	(5,810)
Total expenditures	25,000	25,000	30,810	(5,810)
Net Change in Fund Balances (Deficit)	115,677	115,677	11,643	(104,034)
Fund Balances (Deficit), Beginning of Year	23,551	23,551	23,551	-
Fund Balances (Deficit), End of Year	$ 139,228	$ 139,228	$ 35,194	$ (104,034)

Town of Little Elm, Texas
Budgetary Comparison Schedule (GAAP Basis)
Stormwater Drainage Fund
For the Year Ended September 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Charges for services	$ 745,285	$ 745,285	$ 747,201	$ 1,916
Interest	10,000	10,000	68,524	58,524
Other revenues	-	-	24,023	24,023
Total revenues	755,285	755,285	839,748	84,463
Expenditures				
Current:				
Public works	662,469	662,469	399,288	263,181
Total expenditures	662,469	662,469	399,288	263,181
Net Change in Fund Balances (Deficit)	92,816	92,816	440,460	347,644
Fund Balances (Deficit), Beginning of Year	1,296,963	1,296,963	1,296,963	-
Fund Balances (Deficit), End of Year	$ 1,389,779	$ 1,389,779	$ 1,737,423	$ 347,644

Town of Little Elm, Texas
Budgetary Comparison Schedule (GAAP Basis)
PEG Fund
For the Year Ended September 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Taxes:				
Franchise taxes and other	$ 32,000	$ 32,000	$ 40,729	$ 8,729
Interest	300	300	992	692
Total revenues	32,300	32,300	41,721	9,421
Expenditures				
Culture and recreation	40,000	40,000	4,032	35,968
Total expenditures	40,000	40,000	4,032	35,968
Excess (Deficiency) of Revenues Over (Under) Expenditures	(7,700)	(7,700)	37,689	45,389
Other Financing Sources (Uses)				
Transfers out	-	(12,000)	(12,000)	-
Total other financing sources (uses)	-	(12,000)	(12,000)	-
Net Change in Fund Balances (Deficit)	(7,700)	(19,700)	25,689	45,389
Fund Balances (Deficit), Beginning of Year	18,946	18,946	18,946	-
Fund Balances (Deficit), End of Year	$ 11,246	$ (754)	$ 44,635	$ 45,389

Town of Little Elm, Texas
Budgetary Comparison Schedule (GAAP Basis)
Grant Fund
For the Year Ended September 30, 2023

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	$ 957,696	$ 768,277	$ (189,419)
Total revenues	957,696	768,277	(189,419)
Expenditures			
Public safety	957,696	768,277	189,419
Total expenditures	957,696	768,277	189,419
Net Change in Fund Balances (Deficit)	-	-	-
Fund Balances (Deficit), Beginning of Year	-	-	-
Fund Balances (Deficit), End of Year	$ -	$ -	$ -

Town of Little Elm, Texas
Budgetary Comparison Schedule (GAAP Basis)
Little Elm TIRZ #3
For the Year Ended September 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Taxes:				
Property taxes, penalty, and interest	$ 782,654	$ 782,654	$ 545,453	$ (237,201)
General sales and use taxes	156,807	156,807	158,829	2,022
Interest	7,000	7,000	34,837	27,837
Total revenues	946,461	946,461	739,119	(207,342)
Expenditures				
Current:				
General government	440,067	590,067	289,062	301,005
Total expenditures	440,067	590,067	289,062	301,005
Excess (Deficiency) of Revenues Over (Under) Expenditures	506,394	356,394	450,057	93,663
Other Financing Sources (Uses)				
Transfers out	(1,250,000)	(1,250,000)	(1,250,000)	-
Total other financing sources (uses)	(1,250,000)	(1,250,000)	(1,250,000)	-
Net Change in Fund Balances (Deficit)	(743,606)	(893,606)	(799,943)	93,663
Fund Balances (Deficit), Beginning of Year	1,016,862	1,016,862	1,016,862	-
Fund Balances (Deficit), End of Year	$ 273,256	$ 123,256	$ 216,919	$ 93,663

Discretely Presented Component Units

Economic Development Corporation– purpose is to promote and develop new and expanded business enterprises to promote and encourage employment in the furtherance of public welfare within the Town.

Community Development Corporation – purpose is to improve and expand park and recreational facilities from revenue generated through the Type 4B sales tax.

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Town of Little Elm, Texas
Balance Sheet
Economic Development Corporation
September 30, 2023

Assets	
Cash and cash equivalents	$ 6,777,097
Receivables	
Sales taxes	682,820
Leases	8,836,796
Financed purchase	2,521,344
Note receivable from primary government	200,000
Other	29,529
Total assets	$ 19,047,586
Liabilities	
Accounts payable and other current liabilities	$ 196,896
Total liabilities	196,896
Deferred Inflows of Resources	
Unavailable resources - note receivable	200,000
Unavailable resources - lease receivables	8,351,723
Unavailable resources - financed purchase receivable	2,521,344
Total deferred inflows of resources	11,073,067
Fund Balances	
Restricted	7,777,623
Total fund balances	7,777,623
Total liabilities, deferred inflows of resources, and fund balances	$ 19,047,586

Town of Little Elm, Texas
Reconciliation of Balance Sheet of Governmental Funds
to the Statement of Net Position
Economic Development Corporation
September 30, 2023

Total Fund Balance - Governmental Funds	$	7,777,623
Amounts reported in the Statement of Net Position are different because:		
Capital, lease, and subscription assets used in governmental activities are not financial resources and therefore are not reported in the funds.		19,650,059
Accrued interest on governmental activities debt is not reported in the funds until paid.		(39,269)
Certain revenue earned but unavailable and long-term receivables are deferred in the funds.		2,721,344
Compensated absences are not due and payable in the current period and therefore are not reported in the funds.		(118,732)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. A summary of these items are as follows:		
Long-term liabilities:		
Due in one year		(1,085,826)
Due in more than one year		(15,509,504)
Net Position of Economic Development Corporation	$	13,395,695

Town of Little Elm, Texas
Statement of Revenues, Expenditures and Changes in Fund Balance
Economic Development Corporation
For the Year Ended September 30, 2023

Revenues		
Taxes		
General sales and use taxes	$	3,582,041
Intergovernmental		100,000
Investment income		139,174
Other revenues		1,025,243
Total revenues	$	4,846,458
Expenditures		
Current		
General government	$	144,461
Economic development		1,248,498
Debt Serivce		
Principal		837,257
Interest and other fiscal charges		176,722
Total expenditures		2,406,938
Excess of revenues over expenditures		2,439,520
Fund Balance, Beginning of Year		5,338,103
Fund Balance, End of Year	$	7,777,623

Town of Little Elm, Texas
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities
Economic Development Corporation
For the Year Ended September 30, 2023

Net Change in Fund Balances - Governmental Funds	$	2,439,520
Amounts reported for the component unit funds in the statement of activities are different because		
Depreciation on capital assets is reported in the Statement of Activities but does not require the use of current financial resources. Therefore, depreciation is not reported as expenditures in the governmental funds.		(44,910)
The net effect of various transactions involving capital assets (i.e. sales and contributions) is to decrease net position.		(405,284)
Repayment of long-term debt, including notes payable, is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		837,257
Financed purchase principal payments are recognized as other revenues at the fund level and reductions to the receivable balance at the government-wide.		(205,559)
Long-term receivables are reported in the government-wide financial statements, but receipt of payments are reported as revenue within governmental funds.		(100,000)
Current year changes in long-term liabilities for compensated absences do not require the use of current financial resources; therefore they are not reported as expenditures in governmental funds.		(47,530)
Change in Net Position of Governmental Activities	$	2,473,494

Town of Little Elm, Texas
Balance Sheet/Statement of Net Position
Community Development Corporation
September 30, 2023

Assets		
Cash and cash equivalents	$	711,008
Investments		370,925
Receivables		344,607
Total assets	$	1,426,540
Liabilities		
Accounts payable and other current liabilities	$	2,285
Total liabilities		2,285
Fund Balance/Net Position		
Restricted		1,424,255
Total fund balance/net position		1,424,255
Total Liabilities and Fund Balance/Net Position	$	1,426,540

Town of Little Elm, Texas
Statement of Revenues, Expenditures and Changes in Fund Balance/Net Position
Community Development Corporation
For the Year Ended September 30, 2023

Revenues	
Taxes	
General sales and use taxes	$ 1,820,544
Interest	76,913
Total revenues	$ 1,897,457
Expenditures	
Current	
General government	$ 2,412,594
Community development	281,011
Total expenditures	2,693,605
Net change in fund balance/net position	(796,148)
Fund Balance/Net Position, Beginning of Year	2,220,403
Fund Balance/Net Position, End of Year	$ 1,424,255

Statistical Section

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Town of Little Elm, Texas
Table of Contents
September 30, 2022

Statistical Section

This part of the Town of Little Elm's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, notes disclosures, and required supplementary information says about the Town's overall financial health. This information has not been audited by the independent auditor.

Contents

Financial Trends . . . . . **A-1 to A-4**

These tables contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.

Revenue Capacity . . . . . **B-1 to B-5**

These tables contain information to help the reader assess the Town's two most significant local revenue sources, the property and sales taxes.

Debt Capacity . . . . . **C-1 to C-4**

These tables present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.

Economic and Demographic Information . . . . . **D-1 to D-2**

These tables offer economic and demographic indicators to help the reader understand the environment within which the Town's financial activities take place.

Operating Information . . . . . **E-1 to E-3**

These tables contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides.

Source: Unless otherwise noted, the information in these tables is derived from the annual comprehensive financial reports for the relevant year. The Town implemented GASB Statement 34 in fiscal year 2004: tables presenting government-wide information include information beginning in that year.

Town of Little Elm, Texas
Net Position by Component
Last Ten Fiscal Years (Unaudited)
(Accrual Basis of Accounting)

	2014	2015	2016	2017
Governmental activities				
Net investment in capital assets	$ 69,289,962	$ 77,934,036	$ 89,811,757	$ 123,244,861
Restricted	11,901,273	13,440,890	8,767,764	7,397,801
Unrestricted	13,397,901	5,819,571	9,215,510	25,329,679
Total governmental activities net position	$ 94,589,136	$ 97,194,497	$ 107,795,031	$ 155,972,341
Business-type activities				
Net investment in capital assets	$ 33,308,054	$ 38,387,629	$ 37,228,657	$ 38,221,407
Restricted	1,286,723	150,598	1,104,061	2,014,670
Unrestricted	1,253,792	4,209,613	6,738,911	40,236,077
Total business-type activities net position	$ 35,848,569	$ 42,747,840	$ 45,071,629	$ 80,472,154
Primary government				
Net investment in capital assets	$ 102,598,015	$ 116,321,665	$ 127,040,414	$ 161,466,268
Restricted	13,187,996	13,591,488	9,871,825	9,412,471
Unrestricted	14,651,693	10,029,184	15,954,421	32,296,194
Total primary government net position	$ 130,437,704	$ 139,942,337	$ 152,866,660	$ 203,174,933

Source: Annual Comprehensive Financial Report

2018	2019	2020	2021	2022	2023
$ 123,244,861	$ 145,345,688	$ 157,699,639	$ 171,316,394	$ 193,734,603	$ 244,186,130
12,374,755	13,172,118	15,434,016	60,716,093	45,593,051	29,637,274
20,210,367	19,947,537	23,395,692	31,046,365	39,112,760	52,073,124
$ 155,829,983	$ 178,465,343	$ 196,529,347	$ 263,078,852	$ 278,440,414	$ 325,896,528
$ 40,669,826	$ 41,141,551	$ 44,190,975	$ 46,431,372	$ 58,985,491	$ 68,786,015
2,766,515	3,895,353	4,376,151	4,704,740	5,547,764	5,556,868
43,436,341	45,036,904	48,567,126	51,136,112	64,533,255	32,706,694
$ 86,872,682	$ 90,073,808	$ 97,134,252	$ 102,272,224	$ 129,066,510	$ 107,049,577
$ 163,914,687	$ 186,487,239	$ 201,890,614	$ 217,747,766	$ 252,720,094	$ 312,972,145
15,141,270	17,067,471	19,810,167	65,420,833	51,114,015	35,194,142
31,589,281	34,401,037	42,500,818	55,047,436	66,419,558	84,779,818
$ 210,645,238	$ 237,955,747	$ 264,201,599	$ 338,216,035	$ 370,253,667	$ 432,946,105

Town of Little Elm, Texas
Changes in Net Position
Last Ten Fiscal Years (Unaudited)
(Accrual Basis of Accounting)

	2014	2015	2016	2017
Expenses				
Governmental activities				
General government	$ 5,289,827	$ 6,085,289	$ 12,830,283	$ 7,030,639
Community services	1,918,695	2,408,167	2,412,674	2,562,510
Public safety	10,433,709	12,583,312	17,166,375	14,962,540
Public works	6,499,936	6,956,858	4,894,523	4,620,071
Culture and recreation	3,104,651	2,424,055	2,838,232	3,813,775
Interest on long-term debt	3,388,234	1,707,491	1,552,317	1,705,104
Total governmental activities expenses	30,635,052	32,165,172	41,694,404	34,694,639
Business-type activities				
Water and sewer	9,018,321	9,597,743	12,813,910	13,091,003
Solid waste	1,983,776	1,732,336	1,797,240	1,885,091
Total business-type activities expenses	11,002,097	11,330,079	14,611,150	14,976,094
Total primary government expenses	$ 41,637,149	$ 43,495,251	$ 56,305,554	$ 49,670,733
Program Revenues				
Governmental activities				
Charges for services and other program revenues				
General government	$ 142,850	$ 191,432	$ 239,193	$ 480,986
Community services	4,826,558	5,265,753	5,448,892	5,284,136
Public safety	1,408,432	1,682,570	2,096,745	2,598,197
Public works	52,660	163,616	999,412	820,186
Culture and recreation	548,339	799,635	845,848	1,312,017
Operating grants and contributions	877,283	2,330,627	1,888,507	2,486,348
Capital grants and contributions	20,153,631	4,480,887	15,400,107	8,269,408
Total governmental activities program revenues	28,009,753	14,914,520	26,918,704	21,251,278
Business-type activities				
Charges for services				
Water and sewer	11,206,850	13,023,491	14,156,856	15,381,528
Solid waste	2,038,990	2,157,342	2,247,375	2,329,542
Operating grants and contributions	-	23,964	-	50
Capital grants and contributions	3,595,837	3,593,256	2,387,592	1,363,346
Total business-type activities program revenues	16,841,677	18,798,053	18,791,823	19,074,466
Total primary government program revenues	$ 44,851,430	$ 33,712,573	$ 45,710,527	$ 40,325,744
Net (Expense)/Revenue				
Governmental activities	$ (5,073,472)	$ (2,625,299)	$ (14,775,700)	$ (13,443,361)
Business-type activities	3,846,587	5,839,580	4,180,673	4,098,372
Total primary government net expense	$ (1,226,885)	$ 3,214,281	$ (10,595,027)	$ (9,344,989)

Source: Annual Comprehensive Financial Report

2018	2019	2020	2021	2022	2023
$ 10,282,772	$ 8,443,749	$ 6,028,316	$ 12,236,888	$ 11,340,090	$ 10,892,954
2,837,652	2,948,714	3,072,109	3,224,276	3,863,583	4,472,775
17,650,976	18,514,472	21,585,797	25,324,342	25,905,436	35,635,979
6,274,905	8,392,911	7,500,282	9,051,190	7,542,098	10,587,808
5,597,971	5,884,721	6,223,043	8,034,076	8,000,800	10,794,712
4,970,121	3,244,002	1,961,911	1,684,428	2,258,043	(55,101)
47,614,397	47,428,569	46,371,458	59,555,200	58,910,050	72,329,127
13,442,962	13,401,840	13,570,792	14,115,471	15,915,334	17,277,567
1,937,883	2,061,254	2,345,983	2,580,141	2,751,070	3,001,660
15,380,845	15,463,094	15,916,775	16,695,612	18,666,404	20,279,227
$ 62,995,242	$ 62,891,663	$ 62,288,233	$ 76,250,812	$ 77,576,454	$ 92,608,354
$ 1,326,909	$ 81,933	$ 146,117	$ 202,503	$ 364,807	$ 2,173,851
4,720,087	4,045,264	4,352,645	7,697,199	5,281,100	5,357,997
2,830,765	3,702,971	3,663,496	3,562,529	2,303,888	2,184,546
1,480,153	1,775,903	1,785,248	2,690,593	1,209,347	25,935
1,615,206	1,663,191	1,150,886	4,263,087	4,996,460	5,565,911
1,909,369	741,359	4,403,463	3,830,214	7,048,990	13,750,476
34,764,994	20,308,931	8,561,351	61,971,547	16,933,233	34,477,287
48,647,483	32,319,552	24,063,206	84,217,672	38,137,825	63,536,003
17,754,577	18,144,028	19,036,780	19,243,512	21,588,921	22,865,149
2,394,909	2,524,859	2,834,435	3,110,319	3,334,622	3,535,375
194,520	3,750	288,564	-	-	-
2,224,101	1,128,838	3,695,752	3,520,701	1,296,399	3,984,868
22,568,107	21,801,475	25,855,531	25,874,532	26,219,942	30,385,392
$ 71,215,590	$ 54,121,027	$ 49,918,737	$ 110,092,204	$ 64,357,767	$ 93,921,395
$ 1,033,086	$ (15,109,017)	$ (22,308,252)	$ 24,662,472	$ (20,772,225)	$ (8,793,124)
7,187,262	6,338,381	9,938,756	9,178,920	7,553,538	10,106,165
$ 8,220,348	$ (8,770,636)	$ (12,369,496)	$ 33,841,392	$ (13,218,687)	$ 1,313,041

Town of Little Elm, Texas
Changes in Net Position
Last Ten Fiscal Years (Unaudited)
(Accrual Basis of Accounting)

	2014	2015	2016	2017
General Revenues and Other Changes in Net Position				
Governmental activities				
Taxes				
Property taxes	$ 10,864,585	$ 11,851,416	$ 16,001,132	$ 18,817,352
Sales & other taxes	4,506,310	4,843,855	6,075,610	6,437,432
Grants not restricted to specific programs	-	-	-	-
Unrestricted investment earnings	136,752	156,577	222,137	291,461
Gains on sale of assets	9,330	18,171	252,717	19,709
Miscellaneous	513,343	1,158,653	681,078	2,326,196
Transfers	1,551,460	1,697,504	2,042,935	2,297,150
Total governmental activities	17,581,780	19,726,176	25,275,609	30,189,300
Business-type activities				
Taxes	92,009	106,872	110,588	114,365
Unrestricted investment earnings	96,344	44,010	75,463	151,282
Gains on sale of assets	9,343	7,214	-	21,711
Miscellaneous	-	-	-	42,383
Transfers	(1,551,460)	(1,697,504)	(2,042,935)	(2,297,150)
Total business-type activities	(1,353,764)	(1,539,408)	(1,856,884)	(1,967,409)
Total primary government	$ 16,228,016	$ 18,186,768	$ 23,418,725	$ 28,221,891
Changes in Net Position				
Governmental activities	$ 12,508,308	$ 17,100,877	$ 10,499,909	$ 16,745,939
Business-type activities	2,492,823	7,142,863	2,323,789	2,130,963
Total primary government	$ 15,001,131	$ 24,243,740	$ 12,823,698	$ 18,876,902

2018	2019	2020	2021	2022	2023
$ 21,827,298	$ 24,654,126	$ 27,474,111	$ 28,852,488	$ 31,503,691	$ 38,361,923
7,220,842	7,549,289	8,466,994	9,538,367	11,468,601	12,174,607
-	-	-	-	-	1,869,781
628,922	1,456,551	999,944	373,282	530,582	5,901,906
-	108,592	12,422	604,039	1,268,703	278,957
751,830	1,648,669	1,052,785	142,857	164,286	353,848
57,640	2,327,150	2,366,000	2,376,000	(8,802,076)	(2,691,784)
30,486,532	37,744,377	40,372,256	41,887,033	36,133,787	56,249,238
123,504	150,895	173,375	187,207	215,412	251,024
307,881	472,431	426,620	228,569	120,484	2,145,139
15,864	15,456	-	-	11,360	15,412
59,830	25,136	9,007	246,235	-	-
(57,640)	(2,327,150)	(2,366,000)	(2,376,000)	8,802,076	2,691,784
449,439	(1,663,232)	(1,756,998)	(1,713,989)	9,149,332	5,103,359
$ 30,935,971	$ 36,081,145	$ 38,615,258	$ 40,173,044	$ 45,283,119	$ 61,352,597
$ 31,519,618	$ 22,635,360	$ 18,064,004	$ 66,549,505	$ 15,361,562	$ 47,456,114
7,636,701	4,675,149	8,181,758	7,464,931	16,702,870	15,209,524
$ 39,156,319	$ 27,310,509	$ 26,245,762	$ 74,014,436	$ 32,064,432	$ 62,665,638

Town of Little Elm, Texas
Fund Balances, Governmental Funds
Last Ten Fiscal Years (Unaudited)
(Accrual Basis of Accounting)

	2014	2015	2016	2017
General Fund				
Nonspendable (A)	$ 200,487	$ 265,038	$ 299,425	$ 313,699
Assigned	4,938,437	-	-	-
Unassigned	3,312,912	6,700,923	11,028,718	15,660,796
Total general fund	$ 8,451,836	$ 6,965,961	$ 11,328,143	$ 15,974,495
All Other Governmental Funds				
Nonspendable (A)	$ 6,302	$ -	$ 123,522	$ -
Restricted	17,979,664	10,883,984	17,206,729	11,292,937
Committed	241,487	1,644,874	1,153,748	409,582
Assigned	-	-	-	-
Unassigned	-	-	-	(6,306)
Total all other government funds	$ 18,227,453	$ 12,528,858	$ 18,483,999	$ 11,696,213

Sources: Annual Comprehensive Financial Report
Notes: (A) Includes inventory and prepaid

2018	2019	2020	2021	2022	2023
$ 64,544	$ 60,914	$ 81,691	$ 124,772	$ 213,054	$ 132,291
-	-	-	-	-	-
21,148,258	21,312,934	25,515,797	33,039,775	41,157,273	48,512,833
$ 21,212,802	$ 21,373,848	$ 25,597,488	$ 33,164,547	$ 41,370,327	$ 48,645,124
$ -	$ -	$ 743	$ -	$ 50	$ 250
28,677,341	32,482,359	22,668,693	77,720,015	69,759,650	54,941,261
751,574	1,674,909	1,271,178	-	-	-
-	-	-	-	-	-
(142,458)	-	-	(1,641)	-	(13,108)
$ 29,286,457	$ 34,157,268	$ 23,940,614	$ 77,718,374	$ 69,759,700	$ 54,928,403

Town of Little Elm, Texas
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years (Unaudited)
(Modified Accrual Basis of Accounting)

	2014	2015	2016	2017
Revenues				
Property taxes, penalties and interest	$ 11,819,118	$ 13,912,222	$ 16,210,647	$ 18,796,064
Sales tax	2,987,162	3,540,489	4,010,218	4,303,543
Franchise and other taxes	1,856,693	2,100,586	2,065,392	2,133,889
Licenses and permits	3,814,451	4,009,517	5,161,638	4,743,132
Intergovernmental revenue and grants	1,365,490	2,630,400	2,252,406	4,365,912
Charges for services	1,884,181	2,765,194	3,098,936	3,982,077
Impact fees	514,220	1,722,581	499,168	754,659
Fines and forfeitures	589,772	886,617	856,897	1,055,079
Contributions	18,756,088	1,254,495	3,900,214	3,408,072
Interest earnings	154,060	131,666	209,291	272,668
Other revenue	1,310,971	764,579	726,869	813,755
Total revenues	45,052,206	33,718,346	38,991,676	44,628,850
Expenditures				
General government	3,459,553	5,795,226	4,009,920	4,273,199
Community services	1,910,740	2,408,167	2,917,957	2,563,865
Public safety	9,454,244	10,668,379	11,425,793	13,861,595
Public works	2,794,991	3,225,270	4,141,315	3,179,415
Culture and recreation	2,639,344	2,947,604	3,177,221	3,574,826
Debt service:				
Principal	2,097,789	2,499,432	2,825,254	3,291,897
Interest and other charges	3,579,358	1,654,972	1,865,298	1,784,447
Other debt service costs	-	-	597,105	-
Capital outlay	12,815,066	14,197,333	10,029,564	17,686,821
Total Expenditures	38,751,085	43,396,383	40,989,427	50,216,065
Excess of revenues over (under) expenditures	6,301,121	(9,678,037)	(1,997,751)	(5,587,215)
Other Financing Sources (Uses)				
Bonds/notes issued	5,020,000	1,990,000	16,380,000	-
Sale of capital assets	18,171	23,500	252,717	31,663
Capital lease obligations issued	144,913	104,957	-	-
Leases issued	-	-	-	-
Insurance recoveries	-	-	-	1,016,343
Premium on bonds issued	235,610	-	787,923	-
Payment to refunded bond escrow agent	(2,190,000)	-	(7,148,501)	-
Transfer from other funds	2,556,084	4,209,821	2,743,996	4,421,619
Transfer to other funds	(1,092,057)	(3,834,711)	(701,061)	(2,124,469)
Total other financing sources (uses)	4,692,721	2,493,567	12,315,074	3,345,156
Net change in fund balance	$ 10,993,842	$ (7,184,470)	$ 10,317,323	$ (2,242,059)
Debt service as a percentage of noncapital expenditures	20.7%	13.6%	14.1%	15.7%

Source: Annual Comprehensive Financial Report

2018	2019	2020	2021	2022	2023
$ 21,863,934	$ 24,655,979	$ 27,356,975	$ 28,897,058	$ 31,513,179	$ 38,211,734
4,881,118	5,278,231	6,201,247	7,258,930	8,820,224	9,337,839
2,339,724	2,271,058	2,265,747	2,279,437	2,648,377	2,821,769
4,627,259	4,325,422	4,783,505	8,618,191	4,606,232	4,555,088
1,638,166	3,195,962	6,168,970	8,309,427	11,944,750	12,720,595
4,562,866	5,020,158	4,329,841	7,172,423	7,886,238	8,975,170
592,384	738,079	620,170	1,611,378	567,432	376,362
1,188,762	1,180,796	907,125	1,724,383	1,094,483	1,450,888
24,160,636	5,596,739	2,369,847	47,803,383	11,955,694	17,070,630
591,988	1,389,624	941,866	343,751	526,808	5,637,403
662,659	572,364	577,148	813,866	1,285,761	284,673
67,109,496	54,224,412	56,522,441	114,832,227	82,849,178	101,442,151
10,268,332	6,607,780	5,140,370	11,946,544	11,912,452	10,536,657
2,837,652	3,004,065	3,107,016	3,231,570	3,866,238	3,933,585
16,770,953	18,646,409	21,100,611	24,064,560	25,685,458	29,753,293
3,727,511	5,278,146	3,994,842	4,442,969	5,238,260	5,728,479
3,975,192	4,330,942	4,359,830	5,664,620	7,018,993	8,865,583
3,593,540	5,001,002	5,620,395	4,460,000	4,670,000	5,977,651
1,742,079	2,011,943	2,038,797	1,731,358	2,062,810	2,202,531
3,240,426	1,370,615	193,021	181,340	644,301	4,499
16,876,441	12,981,218	23,944,854	15,527,184	23,070,226	39,823,593
63,032,126	59,232,120	69,499,736	71,250,145	84,168,738	106,825,871
4,077,370	(5,007,708)	(12,977,295)	43,582,082	(1,319,560)	(5,383,720)
15,460,000	13,960,000	9,645,000	13,605,000	9,560,000	-
103,668	142,943	-	46,041	5,097	49,643
-	-	-	-	-	-
-	-	-	-	17,058	115,798
321,485	426,578	146,328	159,356	171,074	353,563
766,813	1,061,382	303,844	1,576,340	615,513	-
-	(7,878,498)	(5,476,891)	-	-	-
4,640,598	5,520,135	6,973,851	8,725,235	5,528,475	7,511,326
(2,541,373)	(3,192,985)	(4,607,851)	(6,349,235)	(14,330,551)	(10,203,110)
18,751,191	10,039,555	6,984,281	17,762,737	1,566,666	(2,172,780)
$ 22,828,561	$ 5,031,847	$ (5,993,014)	$ 61,344,819	$ 247,106	$ (7,556,500)
11.9%	15.1%	12.9%	10.8%	10.5%	12.2%

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Town of Little Elm
Appraised Value of Property
Last Ten Fiscal Years (Unaudited)

Fiscal Year	Market Valuation		Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
	Real Property	Personal Property			
2014	$ 1,811,983,598	$ 70,371,887	$ 199,149,794	$ 1,683,205,691	$ 0.66497
2015	2,107,295,778	71,348,481	226,256,365	1,952,387,894	0.66497
2016	2,653,573,290	82,618,591	312,314,526	2,423,877,355	0.66169
2017	3,124,111,734	81,122,761	339,178,385	2,866,056,110	0.66169
2018	3,633,597,800	99,219,245	363,504,268	3,369,312,777	0.65767
2019	4,165,315,692	100,211,706	361,702,600	3,903,824,798	0.64990
2020	4,646,921,748	109,987,311	368,020,704	4,388,888,355	0.64990
2021	4,873,039,686	114,727,034	292,826,249	4,694,940,471	0.64970
2022	5,431,892,705	124,099,690	345,803,981	5,210,188,414	0.64395
2023	7,242,618,997	144,828,309	969,879,851	6,417,567,455	0.62990

Source: Denton County Appraisal District

Town of Little Elm, Texas
Direct and Overlapping Property Tax Rates (Per $100 of Assessed Value)
Last Ten Fiscal Years (Unaudited)

	Town Direct Rate			Overlapping Rates (A)		
Fiscal Year	Operating Rate	Debt Service Rate	Total Town Rate	Little Elm Independent School District- LEISD	Frisco Independent School District - FISD	Denton Independent School District - DISD
2014	0.49665	0.16832	0.66497	1.54000	1.46000	1.53000
2015	0.47715	0.18782	0.66497	1.54000	1.46000	1.54000
2016	0.47760	0.18409	0.66169	1.54000	1.46000	1.54000
2017	0.49573	0.16596	0.66169	1.54000	1.46000	1.54000
2018	0.48519	0.17248	0.65767	1.54000	1.46000	1.54000
2019	0.47943	0.17047	0.64990	1.64000	1.44000	1.54000
2020	0.49587	0.15403	0.64990	1.53830	1.33830	1.47000
2021	0.52000	0.12970	0.64970	1.49360	1.31020	1.40760
2022	0.52404	0.11991	0.64395	1.43030	1.26720	1.36200
2023	0.48642	0.14348	0.62990	1.41290	1.21290	1.34460

(A) Overlapping rates are those of local and county governments that apply to property owners within the Town of Little Elm. A typical property tax bill would consist of the Town, School District, and County taxes.

Source: Town of Little Elm, Denton County, Little Elm ISD, Frisco ISD, and Denton ISD

Note: Tax rates are applied on each $100 of assessed value and are levied on 100% of assessed value.

Overlapping Rates (A)			
Denton County	Total Direct and Overlapping Rates - LEISD	Total Direct and Overlapping Rates - FISD	Total Direct and Overlapping Rates - DISD
0.28491	2.48989	2.40989	2.47989
0.27220	2.47717	2.39717	2.47717
0.26200	2.46369	2.38369	2.46369
0.26200	2.46369	2.38369	2.46369
0.23781	2.43548	2.35548	2.43548
0.22557	2.51547	2.31547	2.41547
0.22528	2.41348	2.21348	2.34518
0.22499	2.36829	2.18489	2.28229
0.23309	2.30733	2.14423	2.23903
0.21754	2.26034	2.06034	2.19204

Town of Little Elm, Texas
Principal Property Tax Payers
Current Year and Nine Years Ago (Unaudited)

Taxpayer	FY 2022-2023 (2022 Certified Tax Roll) Taxable Assessed Value	Percentage of Total Town Taxable Assessed Value
Orion Lakeside LLC	$ 90,957,133	1.15%
4 Corners AL, LP	88,255,689	1.12%
BVF-V Souvenir 380 LLC	83,350,000	1.05%
BSR Overlook Apartments LLC	69,600,000	0.88%
Bell Fund VI Frisco LLC	64,688,356	0.82%
The Landing at Little Elm Apartments LCC	58,473,688	0.74%
Centennial Luxe LP	57,000,000	0.72%
Palladium USA	36,700,000	0.46%
PS LPT Properties Investors	30,146,432	0.38%
Yes Companies WFC, LLC	27,283,371	0.34%
Total	$ 606,454,669	7.66%
Total Assessed Valuation	$ 7,910,847,119	100.00%

Taxpayer	FY 2013-2014 (2013 Certified Tax Roll) Taxable Assessed Value	Percentage of Total Town Taxable Assessed Value
LETC Dunhill LLC	$ 21,174,680	1.26%
Retractable Technologies INC	16,423,109	0.98%
Kroger Texas LP	13,216,475	0.79%
Eldorado Village LLC	9,690,000	0.58%
Western Rim Investors 2011-5 LP	7,964,926	0.47%
Paloma Creek All Storage LTD	6,505,175	0.39%
The Kroger Company	6,142,112	0.36%
CoServ Electric Co Op	6,030,640	0.36%
NWC FM 423 and Eldorado Parkway LTD	5,595,987	0.33%
Western Rim Investors 2011-6 LP	4,769,388	0.28%
Total	$ 97,512,492	5.80%
Total Assessed Valuation	$ 1,683,205,691	100%

Source: Denton Central Appraisal District.

Note: Property is assessed as of January 1 and certified to the town by July 25 for taxable values.

Town of Little Elm, Texas
Property Tax Levies and Collections
Last Ten Fiscal Years (Unaudited)

Fiscal Year	Total Tax Levy (1)	Collected within the Fiscal Year of the Levy		Collections & Adjustments in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2014	$ 11,780,687	$ 11,648,622	98.88%	$ 119,889	$ 11,768,511	99.90%
2015	13,629,127	13,581,388	99.65%	38,774	13,620,162	99.93%
2016	15,848,795	15,812,201	99.77%	23,339	15,835,540	99.92%
2017	18,694,955	18,616,309	99.58%	68,084	18,684,393	99.94%
2018	21,819,292	21,774,594	99.80%	61,488	21,836,082	100.08%
2019	24,976,789	24,904,762	99.71%	103,618	25,008,380	100.13%
2020	28,077,721	27,999,271	99.72%	54,473	28,053,744	99.91%
2021	29,718,306	29,593,236	99.58%	-	29,593,236	99.58%
2022	32,781,656	32,666,782	99.65%	-	32,666,782	99.65%
2023	40,569,986	40,209,763	99.11%	-	40,209,763	99.11%

Source: Denton Central Appraisal District

(1) Includes amounts abated under economic development agreements.

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Town of Little Elm, Texas
Municipal Sales Tax and Ratio to Ad Valorem Tax Levy
And Ad Valorem Tax Rate
Last Ten Years (Unaudited)

The Town has adopted the provisions of Chapter 321, as amended, Texas Tax Code (the "Municipal Sales and Use Tax Act") which provides for the maximum levy of a one percent sales tax for general fund purposes, which may be used for any lawful purpose except that the sales tax revenue may not be pledged to the payment of debt. The voters of the Town approved a 1/2% sales tax for the benefit of economic development on January 16, 1993, with collections beginning June 1993. The voters of the Town approved a 1/4% sales tax for street maintenance on May 7, 2005, with collections beginning October 6, 2005. The voters of the Town approved a 1/4% sales tax for 4B community development purposes on May 12, 2007, with collections beginning October 1, 2007. Net collections on a fiscal year basis are shown below:

Fiscal Year Ended Sept 30	Total Collected	1.25 (A) Town	% of Ad Valorem Tax Levy	($) Equivalent of Ad Valorem Tax Rate	0.50% 4A EDC	0.25% 4B CDC
2014	$ 4,810,546	$ 3,006,591	25.52%	0.16971	$ 1,202,636	601,318
2015	5,705,401	3,565,879	26.16%	0.17398	1,426,350	713,175
2016	6,962,498	4,351,562	27.46%	0.18168	1,740,625	870,312
2017	7,242,129	4,526,330	24.21%	0.16020	1,810,532	905,266
2018	7,999,076	4,999,422	22.91%	0.15069	1,999,769	999,884
2019	8,695,403	5,434,627	21.76%	0.14141	2,173,851	1,086,925
2020	10,105,335	6,315,834	22.49%	0.14619	2,526,334	1,263,167
2021	11,584,128	7,240,080	24.36%	0.15828	2,896,032	1,448,016
2022	14,132,662	8,832,914	26.94%	0.17351	3,533,166	1,766,583
2023	14,824,678	9,265,424	23.22%	0.14627	3,706,170	1,853,085

(A) The Town's portion of the sales tax collections increased from 1% to 1¼% beginning October 1, 2005 as the result of the May 2005 authorization for an additional ¼% for street maintenance. The voters have continued to support this dedicated sales tax for the street maintenance program. This continuation was reflected in the May 2020 election.

Source: Texas Comptroller of Public Affairs Website (http://ww w .w indow.state.tx.us/taxinfo/sales)

Town of Little Elm, Texas
Ratio of Outstanding Bonded Debt by Type
Last Ten Fiscal Years (Unaudited)

	Governmental Activities				
Fiscal Year	General Obligation Bonds	Certificates of Obligation	Other Obligations (A)	Lease Liabilities	Subscription Liabilites
2014	$ 32,307,738	$ 10,930,000	$ 175,177	$ -	$ -
2015	31,043,926	10,563,955	2,032,096	-	-
2016	29,061,169	19,953,985	1,602,905	-	-
2017	26,856,884	19,095,903	1,222,932	-	-
2018	25,299,571	33,517,823	855,000	-	-
2019	24,556,855	36,644,677	495,000	-	-
2020	21,404,875	38,571,929	250,000	-	-
2021	18,754,992	51,955,893	-	-	-
2022	16,170,109	59,735,500	-	17,058	-
2023	13,645,226	56,170,100	-	112,853	358,760

Note: Details regarding the Town's outstanding debt can be found in the notes to the financial statements.

(A) Includes Tax Notes

(B) See Table D-1 for personal income and population data.

Business-Type Activities						
General Obligation Bonds	Certificates of Obligation	Note Payable to EDC	Subscription Liabilites	Total Primary Government	Percentage Of Personal Income (B)	Per Capita (B)
$ 9,407,262	$ 21,060,000	$ -	$ -	$ 73,880,177	8.23%	2,291
9,044,162	20,400,854	-	-	73,084,993	8.14%	2,266
8,806,563	27,364,862	900,000	-	87,689,484	9.13%	2,565
21,626,968	24,995,585	800,000	-	94,598,272	6.78%	2,456
20,680,733	23,234,304	700,000	-	104,287,431	6.54%	2,481
19,121,943	20,785,888	600,000	-	102,204,363	5.81%	2,295
17,535,005	20,742,471	500,000	-	99,004,280	5.33%	2,143
15,954,458	28,628,906	400,000	-	115,694,249	5.30%	2,244
14,479,458	27,008,050	300,000	-	117,710,175	4.42%	2,279
12,959,458	25,362,194	200,000	298,688	109,107,279	3.82%	1,988

Town of Little Elm, Texas
Ratio of Net General Bonded Debt to Assessed Value
And Net Value Bonded Debt Per Capita
Last Ten Fiscal Years (Unaudited)

	General Bonded Debt Outstanding						
Fiscal Year	General Obligation Bonds	Certificates of Obligation (C)	Total	Less: Available Debt Service Funds	Net General Bonded Debt	Percentage of Actual Taxable Value of Property (A)	Per Capita (B)
2014	$ 41,715,000	$ 10,930,000	$ 52,645,000	$ 367,338	$ 52,277,662	3.11%	1,621
2015	39,005,000	10,450,000	49,455,000	1,005,376	48,449,624	2.48%	1,432
2016	37,867,732	19,953,985	57,821,717	453,186	57,368,531	2.37%	1,595
2017	48,483,870	19,095,903	67,579,773	746,213	66,833,560	2.33%	1,750
2018	45,980,304	33,517,823	79,498,127	1,153,205	78,344,922	2.33%	1,766
2019	43,678,798	36,664,677	80,343,475	1,080,534	79,262,941	2.03%	1,780
2020	38,939,880	38,571,929	77,511,809	839,855	76,671,954	1.75%	1,660
2021	34,709,450	51,955,893	86,665,343	680,723	85,984,620	1.83%	1,668
2022	30,649,567	59,735,500	90,385,067	1,203,899	89,181,168	1.71%	1,727
2023	26,604,684	56,170,100	82,774,784	2,086,732	80,688,052	1.26%	1,471

Notes: Details regarding the town's outstanding debt can be found in the notes to the financial statements.

(A) See Table B-1 for property value data.
(B) See Table D-1 for population data.
(C) This does not include Certificates of Obligations from Business-Type Activities. See table C-1 for Business-Type Activities revenue based ratios.

Town of Little Elm, Texas
Direct and Overlapping Debt
As of September 30, 2022
(Unaudited)

Governmental Unit	As of	Bonded Debt Principal	Percentage of Debt Applicable to Area (D)	Town of Little Elm Share of Overlapping Debt (C)
Debt repaid with property taxes				
Aubrey I.S.D.	Sep-23	$ 311,003,983	0.15%	$ 466,506
Denton County	Sep-23	624,655,000	4.16%	25,985,648
Denton County MUD #8	Sep-23	4,200,000	6.62%	278,040
Denton ISD	Sep-23	2,150,181,665	4.99%	107,294,065
Elm Ridge WC&ID	Sep-23	126,907,682	0.45%	571,085
Frisco I.S.D.	Sep-23	2,260,453,779	3.50%	79,115,882
Highway 380 MMD #1	Sep-23	129,365,000	87.41%	113,077,947
Little Elm I.S.D.	Sep-23	487,090,874	37.49%	182,610,369
Subtotal, overlapping debt		$ 6,093,857,983		$ 509,399,542
Town of Little Elm Direct Debt (A)	Sep-23	$ 70,286,939	100.00%	$ 70,286,939
Total direct and overlapping debt				$ 579,686,481
Ratio of direct and overlapping debt princiipal to taxable values (B)				7.32%
Ratio of direct and overlapping debt principal to actual market values (B)				6.16%

Source: Municipal Advisory Council of Texas

Notes:

(A) Includes Governmental Activities debt
(B) See Table B-1 for property value data.
(C) Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the Town. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the Town of Little Elm, Texas. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and buisnesses should be taken into acccount. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.
(D) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the various government's taxable assessed vallue that is within the government's boundaries and dividing it by the total taxable assessed value.

Town of Little Elm, Texas
Legal Debt Margin Information
Last Ten Years
(Unaudited)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Maximum Rate	$ 2.50	$ 2.50	$ 2.50	$ 2.50	$ 2.50	$ 2.50	$ 2.50	$ 2.50	$ 2.50	$ 2.50
Total Tax Rate	0.66500	0.66500	0.66170	0.66170	0.65770	0.64990	0.64990	0.64970	0.64395	0.62990
Legal Debt Margin	$ 1.8350	$ 1.8350	$ 1.8383	$ 1.8383	$ 1.8423	$ 1.8501	$ 1.8501	$ 1.8503	$ 1.8561	$ 1.8701

Town of Little Eln, Texas
Demographic and Economic Statistics
Last Ten Calendar Years
(Unaudited)

Year	Estimated Population (A)	Personal Income	Per Capita Personal Income (B)	School Enrollment (C) Little Elm ISD	Unemployment Rate (D) Denton County	Average Household Income
2014	32,248	$ 897,558,584	$ 27,833	6,910	4.5%	n/a
2015	33,842	950,418,728	28,084	7,193	3.4%	n/a
2016	35,960	1,059,813,120	29,472	7,354	3.3%	n/a
2017	38,194	1,384,074,172	36,238	7,371	4.1%	n/a
2018	42,040	1,594,493,120	37,928	7,565	2.9%	n/a
2019	44,530	1,760,493,550	39,535	8,055	2.7%	117,502
2020	46,200	1,858,764,600	40,233	8,100	6.6%	128,783
2021	51,553	2,184,197,504	42,368	8,011	3.9%	134,914
2022	51,635	2,664,314,365	51,599	8,308	3.0%	155,635
2023	54,856	2,855,474,224	52,054	8,364	3.7%	150,506

Sources:

(A)Estimated population provided North Central Texas Council of Governments
(B) Per Capita Income provided by GIS
(C) Little Elm Independent School District
(D) Bureau of Labor Statistics, Denton County

Note: Personal income is caluclated by multiplying estimated population by per capita personal income. Average Household Income for previous years not available.

Town of Little Elm, Texas
Principal Employers
Current Year and Nine Years Ago
(Unaudited)

2023		
Employer	**Employees**	**Percentage of Total Town Employment**
Little Elm ISD	1,000	12.15%
Town of Little Elm	521	6.33%
Retractable Technologies	153	1.86%
Kroger	190	2.31%
Lowes Home Center	180	2.19%
Holt	80	0.97%
Hula Hut	55	0.67%
Total	2,179	26.48%
Total Little Elm Daytime Employees	8,228	

2014		
Employer	**Employees**	**Percentage of Total Town Employment**
Little Elm ISD	757	21.32%
Kroger	250	7.04%
Town of Little Elm	226	6.37%
Retractable Technologies	157	4.42%
Lowes Home Center	141	3.97%
Applebee's	70	1.97%
24 Hour Fitness	35	0.99%
Hobby Lobby	30	0.85%
Children's Lighthouse	26	0.73%
Discount Tire Company	20	0.56%
Total	1,712	48.22%
Total Little Elm Daytime Employees	3,550	

Source: Top employers and employee count provided by Little Elm Economic Development Corporation.

Town of Little Elm, Texas
Full-Time Equivalent Government Employees by Function/Program
Last Ten Fiscal Years
(Unaudited)

Function/Program	2014	2015	2016	2017	2018	2019	2020	2021	2022 (A)	2023
General Government	19.50	19.00	19.00	21.00	22.50	21.50	24.50	21.50	23.50	25.00
Public Safety	90.00	95.50	111.50	112.50	129.50	136.00	147.00	158.00	179.00	186.00
Public Works	18.50	20.00	19.50	14.50	20.50	20.50	18.50	18.50	23.00	23.00
Culture and Recreational	32.50	35.00	37.50	40.50	47.50	49.00	46.50	82.50	68.00	70.00
Planning and Development	15.00	15.00	14.00	19.00	13.00	19.00	16.00	13.00	17.00	17.00
Water and Sewer	30.00	29.00	29.00	28.00	33.00	29.00	31.00	33.00	36.00	36.00
Total	205.50	213.50	230.50	235.50	266.00	275.00	283.50	326.50	346.50	357.00

Source: Town of Little Elm Finance Department

Note: (A) Prior to FY2022 was actual headcount; FY2022 and beyond includes approved positions excluding seasonal employees.

Town of Little Elm, Texas
Operating Indicators by Function/Program
Last Ten Fiscal Years
(Unaudited)

Function/Program	2014	2015	2016	2017	2018
Public Safety					
Police					
Number of employees (A)	44	49	52	58	59
Number of violations (citations)	4,306	5,332	4,617	4,744	5,635
Fire					
Number of employees (A)	47	45	55	54	64
Number of volunteers	3	10	10	7	9
Number of fire runs	992	1,112	1,287	1,327	1,413
Number of EMS runs	1,732	1,714	1,940	2,191	2,395
Public Works					
Streets (miles)	108	131	138	138	155
Community Services					
Residential permits	860	1,034	1,154	1,047	1,101
Commercial permits	62	68	76	91	101
Cultural and Recreational					
Parks and recreation					
Parks (acres)	500	500	500	500	500
Participants in parks programs	50,000	65,000	75,980	77,000	78,000
Participants in senior program	11,577	14,769	18,304	24,864	27,643
Participants at Recreation Center	43,316	47,690	53,632	77,679	114,915
Participants at Aquatics Center	N/A	N/A	N/A	N/A	N/A
Library					
Volumes in Collection (C)	45,187	47,531	77,928	81,380	215,539
Circulation	136,765	124,470	126,326	126,092	132,977
Water and Sewer					
Number of water connections	9,835	9,880	10,370	10,680	11,153
Number of sewer connections	9,489	9,531	9,983	10,272	10,732
Average daily water consumption (B)	3,110	3,164	3,201	3,253	3,718
Maximum ground storage capacity	7,170	7,170	7,170	7,170	7,170
Maximum elevated storage capacity (B)	3,578	3,578	3,578	3,578	3,578
Water Purchased (B)	1,134,837	1,127,728	1,235,350	1,351,428	1,500,532

Source: Town Departments

Notes: N/A - Data not Available

(A) Prior to FY2022 was actual headcount; FY2022 and beyond includes approved positions.
(B) Stated in millions of gallons
(C) Includes digital books available via shared databases

2019	2020	2021	2022	2023
71	75	85	93	99
6,780	3,673	6,172	4,519	5,799
62	62	64	74	85
6	3	2	2	-
1,606	1,635	2,001	2,046	1,883
2,545	2,709	3,321	3,170	3,381
156	159	159	164	183
1,037	1,005	1,306	1,230	1,024
65	64	64	82	59
500	500	500	500	500
76,982	52,349	60,857	80,163	110,100
30,508	878	11,408	22,693	20,277
113,571	63,022	114,216	122,492	127,561
N/A	N/A	127,968	169,076	169,934
224,086	190,332	198,259	201,561	359,769
133,395	153,270	140,644	148,297	178,911
11,408	11,763	12,390	12,469	12,668
10,948	11,170	11,790	12,060	12,215
3,953	4,313	3,432	4,200	4,683
7,170	7,170	7,170	7,170	7,170
3,578	3,578	3,578	3,578	3,578
1,411,097	1,509,605	1,645,501	1,804,752	1,798,619

Town of Little Elm, Texas
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years
(Unaudited)

Function/Program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Public Safety										
Police Stations	1	1	1	1	1	1	1	1	1	1
Police Patrol Units (B)	17	19	25	30	30	30	39	71	78	93
Fire Stations	2	2	2	2	3	3	3	3	3	3
Police Motorcycle Units	2	2	2	2	2	3	4	4	4	2
Public Works										
Streets - Paved	108	131	138	138	155	156	159	159	164	183
Cultural and Recreational										
Parks (acres)	500	500	500	500	500	500	500	500	500	500
Playgrounds (A)	4	5	5	5	5	5	6	6	6	7
Library	1	1	1	1	1	1	1	1	1	1
Senior Center	1	1	1	1	1	1	1	1	1	1
Recreation Center	1	1	1	1	1	1	1	1	1	1
Acquatics Center	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1	1	1
Water and Sewer										
Fire Hydrants	1,256	1,270	1,270	1,431	1,510	1,527	1,559	1,568	1,522	1,648
Ground Storage Facilities	4	4	4	4	4	4	4	4	4	4
Elevated Storage Facilities	4	44	4	4	4	4	4	4	4	4
Lift Stations	18	19	20	20	20	21	22	22	22	22

Source: Town Departments

Notes:

(A) Does not include HOA playgrounds
(B) Town has implemented a take-home vehicle program for officers

The Lawn at The Lakefront Opened September 21, 2023

LITTLE ELM